

PLANNING A NEW FACTORY? Build in the benefits of an ATCOST STRUCTURAL FRAME

the teamworkers Taylor Woodrow

NEWS SUMMARY

GENERAL Bhutto political crisis deepens

Business Equities and gilts firm; £ falls

Stage set for Rhodesia talks

Zaire 'shelled' Angolan ship

Madrid warning

Rail dispute

Rogue tank

Briefly

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item and Price Change. Includes Treasury 9pc, Adams & Gibson, etc.

Carter drops plan to boost economy

BY DAVID BELL, WASHINGTON, April 14

PRESIDENT CARTER today abandoned a major part of his economic stimulus package...

Share and bond prices rise

Reputation As late as yesterday Mr. Blumenthal, the Treasury Secretary...

Gormley rules out wage restraint for miners

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE MINERS will reject any attempt to prolong wage restraint after the TUC and Government...



Mr. Joe Gormley 'A fact of life'

Mr. Gormley said it was a 'fact of life' that the NUM conference in July would carry a resolution against the social contract...

Rio Tinto-Zinc seeks ruling on 47% dividend increase

BY MARGARET REID

RIO TINTO-ZINC Corporation last month when Incheque, the international metal and minerals group...

Turning point for U.K. U.S. water shortage Report from Tel Aviv

All-industry index up by only 0.9%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT has increased only very slightly in the last few months with manufacturing activity...

Table: INDUSTRIAL PRODUCTION 1970=100. Columns: Year, Quarter, All Industries, Manufacturing.

Exports The Government has been pinning its hopes on a significant rise in both export volume and manufacturing investment...

Mining The rate of growth has been somewhat higher recently outside manufacturing because of the rise in mining and quarrying...

Mortgage cut of 1% expected to-day

By Michael Cassell, Building Correspondent

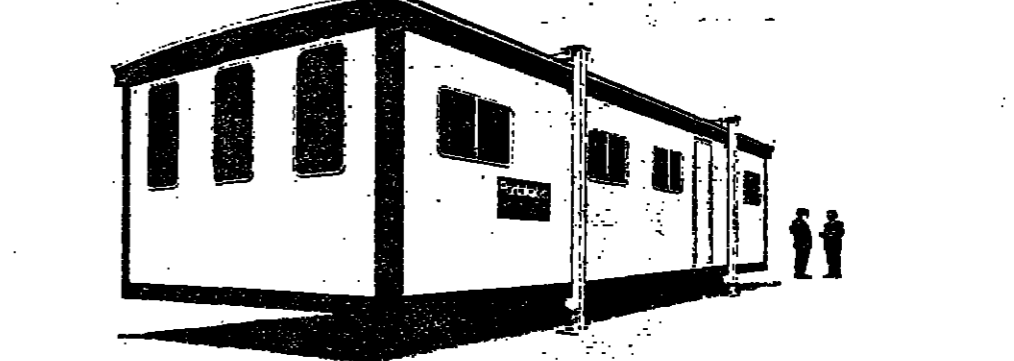
A CUT in the mortgage rate of 1 per cent is expected to be announced to-day.

The policy committee of the Building Societies Association agreed yesterday afternoon on the reduction and the decision should be endorsed this morning...

£ in New York

Table with 2 columns: Spot, 1 month, 3 months. Values in £/100.

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LOMBARD

Living with stable numbers

BY PETER RIDDELL

THE PROSPECT of a stationary population in the U.K. has caused a great stir among demographers and social policymakers in view of the possible impact of a growing proportion of old people and a smaller number of schoolchildren.

Similarly, no more than 3 per cent of the production of cars and television sets in this period indicates a rise in population.

The economic implications depend, in part, of course, on whether this trend continues, and demographers have twice radically changed their view since the last war.

On the other side, a fall in the birth rate, and eventual decline in the number of school-leavers, does not by itself reduce the number of people out of work—at least as important for the labour market in recent years has been the

increased numbers of married women working. But one

Exaggerated

The aggregate level of demand is admittedly likely to grow more slowly than otherwise with a stationary population. But this says nothing about output or income per head.

But if the switchover from a growth in population of 1 per cent a year to a stationary total can be regarded as relatively small in aggregate economic terms, not least because the change itself is small, the impact could be much larger on particular sectors.

It is understood that Santa Fe has agreed that Ashland should pay its \$78.9m. in instalments over a five-year period. As a result, on a cash-in/cash-out basis, Ashland should have more than \$35m. paid out

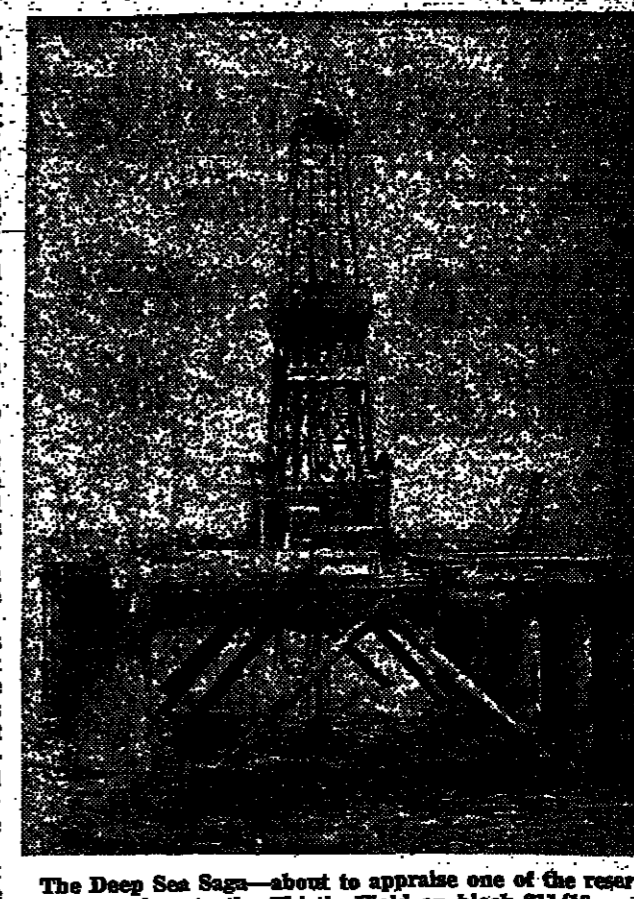
at any one time. But there are other reasons and the companies with plenty of scope for flexibility. For instance, the Department is not insisting that each company, or even each field consortium, refines up to two thirds in Britain.

NORTH SEA OIL REVIEW

THE CHANGE in part of the Thistle Field ownership has raised a few eyebrows in the offshore industry. The deal in arrangement. Firstly, the price was clearly influenced by the amount of interest shown in Santa Fe's stake. A number of U.S. and European companies had also bid for a portion of the field; indeed, a British group

Ashland pays a stiff price

This provides the Government and the companies with plenty of scope for flexibility. For instance, the Department is not insisting that each company, or even each field consortium, refines up to two thirds in Britain. It sees this target as one relating to the North Sea as a whole so Shell and Esso, with their large U.K. refineries, achieve more than this



The Deep Sea Saga—about to appraise one of the reservoirs close to the Thistle Field on block 211/18.

has found what it was looking for. The well was drilled to appraise the Magnus Field. Earlier this month the company confirmed that the results of the test would influence how and when the field would be developed, and it now seems likely that BP will formally announce its development commitment later this year.

Some oil industry analysts have suggested that recoverable reserves could be about 500m. barrels, although BP, which has become much more coy about releasing exploration information in the past year or so, has not confirmed this figure. What is known is that the field lies in deep water to the north of all the commercial fields in the U.K. and Norwegian sectors. As a result novel production techniques, such as a tension-legged platform, may be used. The way in which the field will be developed is still being considered by BP, however.

RIG MOVEMENTS OFFSHORE THE U.K.

Table with columns: Operator, Rig, Block. Lists various operators like Amoco, BP, BODL, Conoco, Mobil, and their respective rigs and blocks in the North Sea.

THIS GROUP HAS BEEN...

This group has been working with Phillips and British oil companies to produce and gas through the Ekofisk transport facilities. This way all will be brought to the shore via the Ekofisk pipeline. It is understood oil production would peak at 90,000 barrels a day. According to Norwegian reports both Amoco and Norwegian authorities start field development as soon as possible. The centre of the field could begin production in 1980. The North Sea East, which is being developed by BP, however, will be developed in three years.

TV Radio

Indicates programme in black and white. BBC 1: 6.40-7.55 a.m. Open University (UHF only). 10.10 Barbapapa. 10.05 The Mole. 10.10 The Postman. 10.25 The Wanderer Butterfly. 10.30-11.15 The Magician's Disobedient Hat. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 2.00 Playboard. 3.30 Gill Y Dorlan. 3.55 Regional News (except London). 4.35 Play School. 4.38 Inch High Private Eye. 4.40 Animal Marvella. 5.05 Desert Adventure. 5.35 Magic Roundabout. 5.40 News. Weather. 5.55 Nationwide. 7.00 The Fantastic Journey. 7.50 Holiday on Ice.

F.T. CROSSWORD PUZZLE No. 3355

Crossword puzzle grid with numbers indicating starting positions for clues.

1 Fashionable doctor to thwart (6). 2 Plan to injure footballer (5). 3 Comfort found at the organ (7). 4 Northern frontier for insular southerners (7). 5 Bonneted beast could be a dubious bargain (3, 2, 1, 4). 6 Animal has right to go to jug (4). 7 Spread on the border (5). 8 Improve party given to punter (2, 6). 9 School beginners pitch into luxury class (4, 4). 10 Swank about feathered wrap by the way (13). 11 Attempt to wound (4). 12 Animated film star makes boy-tower his head (6, 4). 13 Entertainer offering variety or tripe (7). 14 Dramatic setting for disturbance on railway (7). 15 Full a face when Greek leader is let down (6). 16 Pressing for description of Abraham (5). 17 Master ought to go over religious instruction with twelve down under (5). 18 Sleep that is right to file (7). 19 Monopolist fish merchant (4, 5). 15 Staring at love feast (5). 16 Unusual policeman not working (3, 4). 17 Man's legs end in yard (5, 4). 18 Bad weather sign for the unsympathetic (7). 19 What matters most is to make mother at home object (4, 5). 20 Vehicle for the beady-eyed (6, 3). 21 Ban could rob game of modification (7). 22 Slow movement appears in conjunction with stake at cards (7). 23 Monotonous speech made by layabout (5). 24 Painter taking care of rubbish (5).

230. a.m. If You're Not Winning You're Really Trying. 10.10 Children. 11.05 Cowboy in Africa. 11.55 Popeye. 12.00 A Handful of Songs. 12.10 p.m. Snapping Tunes. 12.30 Those Wonderful Times. 1.30 About Britain. 2.00 Money-Go-Round. 2.25 Friday Matinee: Donald Houston in 'Doubtless'. 3.45 Concert. 4.15 The Chorus in 'The Comedy of Errors'. 4.45 Motley Hall. 4.45 Motley Special. 5.15 University Challenge. 5.45 News. 6.00 Matter of Morak. 6.35 Crocodiles. 7.00 Beryl's Lot. 7.20 Back to the Land. 8.00 Hawaii Five-O. 9.00 Reflections. 10.00 News. 10.30 Police 5. 10.40 Russell Harty. 11.40 Police Surgeon. 12.20 a.m. From a Bird's Eye View. 12.40 Cockney Broadside. 1.30 AM. 1.30 AM. 1.30 AM. 1.30 AM. 1.30 AM.

RACING

Hern the hunter has three good prospects. YESTERDAY, at Newmarket, English hopes of winning the One Thousand Guineas received something of a boost when the Secret backed up in the Mall Gymna Stakes, run over seven furlongs, though it has to be admitted that this filly's claim to be British trained solely on the fact that she is trained on the local beach. To-day the Fred Darling Stakes at Newbury brings out Miss Pinkie and Durtal, the second of whom, however, is earmarked to run in the Poule d'Essai des Poulchies, the French equivalent of the One Thousand Guineas, at Longchamps on May 1. There is no direct line between these two fillies; and, judged on breeding, there is no question about the ability of either to stay to-day's distance. Durtal, by the promising French sire, Lyphard, has been doing plenty of work at Lambourn and may be the more forward in condition of the two, but I would not care to risk much money on the outcome.

BY DARE WIG...

Legion seeks young people for community work

A CAMPAIGN to involve young people in community work is being launched by the Royal British Legion. The organisation is assembling registers of young people who are prepared to help the sick and the elderly. The Legion's aim of involving more young people in its service work has to be self-supporting financially, or said Mr. Busby, "we have to get aid from something like the Queen's Silver Jubilee Appeal." The annual report showed that the organisation has been hit by inflation and that while the amount of money raised was increasing it was not rising fast enough. Mr. Busby said that a number of projects had had to be postponed, including a rehabilitation and medical centre at the British Legion village near Maidenstone, an extension to a scheme and used unemployed young people to build a convalescent home in Ulster. The branch at Ellesmere Port, Cheshire, has taken advantage of the Government job creation scheme and used unemployed young people to build a memorial garden. "Our objective is to harness the immense amount of goodwill among young people to-day," Mr. Busby said, "and to ensure that the Royal British Legion is assembling registers of young people who are prepared to help the sick and the elderly."

WEDIARA... JEDDA... to Saudi Arabia.

BANK RETURN

Table with columns: BANKING DEPARTMENT, LIABILITIES, ASSETS. Lists various bank figures and assets.

Edinburgh site attracts interest

THE HOLIDAY INN hotel chain is understood to be among groups which have expressed interest in building on Edinburgh's Castle Terrace site, which was earmarked for the city's opera house until the project was abandoned last year because of rising costs. The site is a prestige one and has a clear view of the castle and Princes Street, but inquiries have been told that planning applications would be premature. Edinburgh District Council has agreed to a joint meeting with the opera house committee to reconsider the site.

Taximen call off protest

Liverpool taxi drivers yesterday agreed to end their demonstrations in the city centre in protest against a ban on bus lanes. Merseyside county council and the taximen's representative agreed at a joint meeting that highways committee should reconsider the ban.



EUROPEAN NEWS

LEGALISATION OF COMMUNISTS CONDEMNED

Military warning to Spanish PM

BY ROGER MATTHEWS

MADRID, April 14

ALL UNITS of the Spanish army strongly condemned the legalisation of the Communist party, according to a note issued by the Ministry of the Army here today. This was the first official statement from the military, and is a blunt warning to Prime Minister Adolfo Suarez...

meanwhile moved swiftly today to name a new Navy Minister to replace Admiral Pita de Veiga, who resigned in protest at the decision on the Communist party. The new Minister, Admiral Pery Juqueria, is on the reserve list and heads a shipping company. His appointment will do little to ease the alienation of senior naval commanders from the policies of the Government...

NATO said to have mishandled AWACS

By David Buchan

BRUSSELS, April 14

THE NATO Organisation today came in for criticism in Brussels for the ill-fated attempt to procure a uniform airborne early warning system (AWACS) for the whole alliance. Admiral Sir Peter Bill-Norton, giving his last press conference as the retiring chairman of NATO's military committee, admitted that the project had not been particularly well-managed at the start...

French police suspect Brazil link in Fiat chief's abduction

BY ROBERT MAUTHNER

PARIS, April 14

FRENCH police have still not contacted the group who kidnapped behind last night's kidnapping in Paris of the Italian Fiat group's top executive in France, Sig. Luciano Revelli-Beaumont, though several eye-witnesses have been able to give descriptions of the kidnapers. A telephone call to a local radio station from a man saying he represented the Defence Committee for Italian Workers in France...



Sig. Revelli-Beaumont

his chauffeur, M. Henri Miller, who was clubbed with his buttocks and left bleeding, but not critically injured, on the pavement in front of the Fiat executive's flat on one of two evenings last week. The man was described as between 30 and 40 years old, with dark, Latin complexion. One was tall and balding, the other stout with a moustache.

Portuguese Socialists in union attack

By Our Own Correspondent

LISBON, April 14

THE POLICY making body of the Socialist party opened a frontal attack on the Communist-dominated General Confederation of Portuguese Workers in Lisbon today. The Socialists' plan is not to create another confederation but to promote autonomous, independent unions while encouraging socialist workers commissions in the factories.

Mail pile-up threatens to paralyse Italian business

ROME, April 14

SOME 15m. money orders have piled up in Italian post offices, leaving tens of thousands of old people without their monthly pension payments and threatening to paralyse business and the civil service. Ordinary mail is also beginning to pile up, exactly at a time when thousands of foreign tourists are arriving in Italy and presumably want to write home.

Call for joint action over world steel

FRANKFURT, April 14

THE WORLD steel committee of the International Association of Metalworkers Unions is calling for a co-ordinated effort between employers, unions and Governments to solve structural production problems in the world steel industry. Herr Hermann Rehban, general secretary of the association, told a news conference here today following an emergency session of the committee.

Turkey plans new Sismik voyage

ANKARA, April 14

TURKEY SAID today that there are oil reserves in the Aegean Sea and it is sending its controversial research ship Sismik I into Aegean waters on May 1 for further tests. Sismik's explorations last year led to a breakdown in Greek-Turkish talks on how to share the continental shelf and oil-drilling rights.

Denmark legal move to avert pay clash

By Hilary Barnes

COPENHAGEN, April 14

THE SOCIAL Democratic government may pass a collective wage settlement between the trades union organisation and the employers' federation in the form of draft legislation. It intends to rush it into law by tomorrow to avert the outbreak of a labour conflict at midnight on Friday.

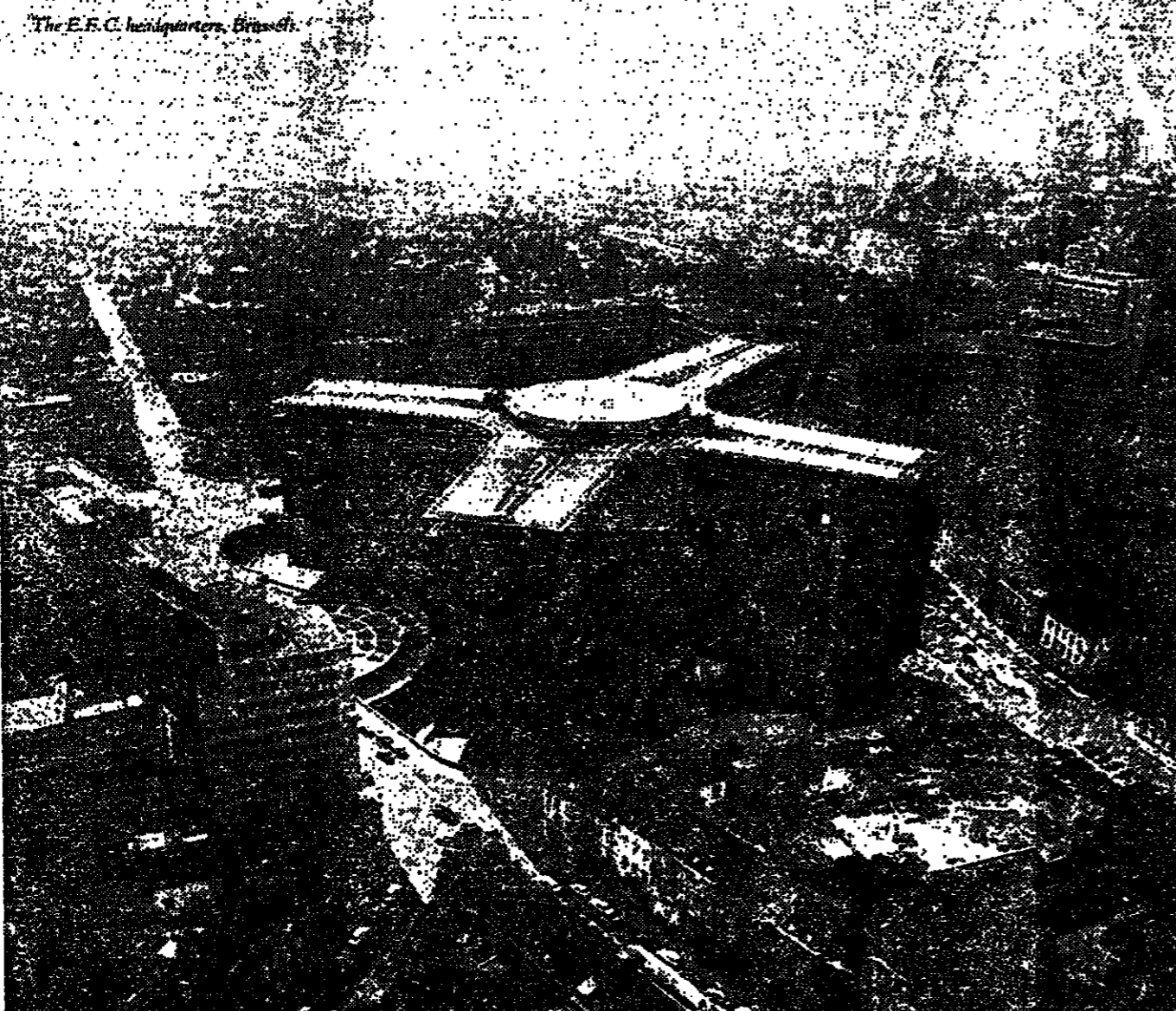
Brezhnev's visit will go ahead

BY OUR OWN CORRESPONDENT

PARIS, April 14

THE OFFICIAL visit which Mr. Leonid Brezhnev, the Soviet leader, is due to pay to France this summer will take place as originally planned in spite of the differences between Moscow and Paris over the French intervention in the Zaire conflict. The Soviet ambassador to Paris, Mr. Stefan Chervonenko, confirmed after seeing President Giscard d'Estaing today, that Mr. Brezhnev would be coming to France in late June or early July. He was due to be received by the French President last Tuesday, but the meeting was postponed following the announcement that France was providing transport aircraft to ferry Moroccan troops to the southern Zaire province of Shaba, where the Zaire army is involved in fighting with rebels.

freighter in Angolan territorial waters last Sunday, damaging the vessel and injuring crewmen. The vessel and its crew were taken to a port in the Congo National and gave warning that it would not tolerate further "provocative actions". But Zaire's President Mobutu denied both this allegation and that he had obtained information from captured Zaire soldiers that 50 French pilots were flying Mirage bombers in the country and taking part in the fighting. The claim was immediately denied by French officials who emphasised that President Giscard had given a specific pledge in his television interview earlier this week that no French soldiers were or would be taking part in the fighting in Zaire.



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Welfare charges anger unions. THE FRENCH trade unions have strongly criticised a series of measures adopted by the government to wipe out the deficit of the social security system, which has reached alarming proportions. The main target of the unions' anger is the increases in the costs of medications and hospital treatment decided on by Mme. Simone Veil, the Health Minister, which will hit people of modest means particularly hard, they claim.

EAST-WEST ECONOMIC RELATIONS

Trade ties to save detente. IN AN atmosphere of continued confrontation over human rights issues, economic co-operation may provide the key to the survival of east-west "detente" enshrined in the final act of the Conference on Security and Co-operation in Europe (CSCE). The application of the Helsinki agreement will come up for scrutiny at a preparatory meeting in Belgrade in June, and then at a formal review conference in the autumn. It seems unlikely, however, that either side will yield very much on ideological or cultural issues. But in the view of Mr. Janos Stanovnik, the Yugoslav executive secretary of the Economic Commission for Europe (ECE), the spirit of detente may be saved through the second part of the CSCE which deals essentially with economic co-operation.

fact that East-West trade, considered residual by the East, is now turning out to be two to three times higher than planned. Mr. Stanovnik also points to the fact that East-West trade, considered residual by the East, is now turning out to be two to three times higher than planned. Mr. Stanovnik also points to the fact that East-West trade, considered residual by the East, is now turning out to be two to three times higher than planned.

Handwritten note in Arabic script: هذا من الاصل

AMERICAN NEWS

U.S. dock strike starts; bid to weigh trade blow

BY STEWART FLEMING

DOCK WORKERS belonging to the Longshoreman's Union struck at seven major shipping lines engaged in freight business at midnight last night, disrupting trade with Atlantic ports. Union sources said about 80,000 employees would stop work today in Boston, New York, Philadelphia, Baltimore and Norfolk, and claimed the walkouts would affect ports in the Gulf of Mexico. It is not yet clear what impact the strike will have on North Atlantic trade. Early reports from New York docks suggested that dockers stopped unloading ships on the midnight deadline last night, but port authority sources could not indicate early this morning how widespread an impact the selective strike is having. The strike's effectiveness in the Gulf ports is in doubt—yesterday some union leaders said the strike was unofficial and they could not predict how much support it would get from the men. The uncertainty over the official status of the strike stems from the fact that technically the longshoremen's contract does not come up for re-negotiation until September. However, court decisions have overturned some of the work rules relating to container ship handling in the contract and led

union leaders to demand re-negotiation of the whole contract including claims for an eight hour reduction in the working week to 32 hours and a \$2 an hour rise to \$10 an hour in wages. The strike has been called against freight and container operators and is not affecting passenger lines. The shipping companies selected as targets include Sealtrain, Sea Land and the United States Lines among U.S. domestic shippers, and Hapag Lloyd Cargo and Container Service, Darr Container Line and Atlantic Container Line among private shipping lines. Soviet ships are also being struck, according to unofficial sources.

Impact

A spokesman for the New York Shipping Association said this morning that in New York the strike had affected three ships operated by the Target companies, that 27 per cent of the New York port's 22m. tons of cargo handled was related to North Atlantic shipping and that the companies affected by the strike handled a "very high" proportion of this trade. But he suggested that it was too early to be precise about the impact and much would depend on the duration of the strike.

John Wyles writes: All the European shipping companies affected by the strike were optimistic last night about the prospects for an early settlement. Most of them also ship cargoes into Canadian ports, principally Halifax and Nova Scotia and could, if necessary, off-load U.S. cargoes there, although they fear some risk of sympathy action by Canadian stevedores. Atlantic Container Line, a consortium of six European companies, including Britain's Cunard Steam Ship Company, has at least one ship stuck in New York waiting to be unloaded. ACL has two other vessels due in New York at the week-end and a decision whether to reroute them or to discharge all of their containers at Halifax will have to be made today.

A spokesman for Hapag Lloyd's British agents, Brown Jenkinson, said that so far none of the German line's ships are caught up in the strike. If the dispute persists, however, a decision will have to be made whether to refuse U.S. bound cargoes or to ship into U.S. West coast ports where the longshoremen belong to a different union. Dart Container Line, the third European target line, had a ship sail from New York on Wednesday and its next sailing is not due to arrive for another 10 days.

Patience in SALT talks stressed

BY DAVID BELL

WASHINGTON, April 14.

PRESIDENT CARTER'S National Security Adviser suggested today that the President should meet regularly with Mr. Leonid Brezhnev, the Soviet leader, but acknowledged that little progress has been made in the strategic arms talks (SALT) since they broke down in Moscow two weeks ago.

Dr. Zbigniew Brzezinski told reporters that both sides are now looking for a way to make progress but that the search is being impeded by "a legacy of suspicion in both sides, conflicting perspectives, varying interests and different geographical settings...". In the course of his discussions with reporters, Dr. Brzezinski was apparently seeking to "de couple" a possible meeting from the idea that it would necessarily have to make concrete progress to be a success. A Carter-Brezhnev meeting, he said, would be "useful in a consultative mode."

Yesterday, in a carefully worded speech, Dr. Harold Brown, the Defence Secretary, gave more details of the American negotiating position which was rejected in Moscow. He said that the U.S. was prepared to leave aside the back-Soviet Union promise that the fire bomber, provided that it would not be used as a strategic weapon, in return for a Soviet agreement to a U.S. Cruise missile with a range of no more than 1,500 miles. At the same time, he said, there are other unresolved issues including the "data base." This apparently harmless phrase refers to one of the "steep" issues in the arms control debate because, up to now, the negotiations have been based on American estimates of Soviet strength which the Russians have tacitly accepted without supplying very many figures of their own. Dr. Brown denied this data base as "an agreed listing of numbers in the various categories of weapons being lit." Such a list, if the U.S. were to insist on it, might for the first time force the Soviet Union to ease its secrecy and could prompt serious problems.

THE U.S. WATER SHORTAGE

Turning off the tap

BY NANCY DUNNE IN WASHINGTON

IN CONTESTING 30 water projects funded by Congress during past Administrations, President Jimmy Carter has challenged a hallowed political custom. He has tried to cut those projects he considers of most dubious value, regardless of where they are and of which Senators and Congressmen support them. In doing so, he has offended some of the most influential members of Congress. The Administration has customarily helped individual Congressmen with their pet projects, to gain Congressional backing for its own programmes. Mr. Robert Byrd, the Senate majority leader, a particularly ardent supporter of this game, warned the President that his tax rebate plan is doomed to defeat unless a compromise is reached in the controversy about the water projects.

Mr. Carter has reluctantly indicated that he may accept some of the projects where work is well advanced, but insists that his economic policy and the water projects should be treated as independent issues. The President's decision to move against the water projects, based partially on his campaign promise to balance the budget by the end of his term, carries high political risk. Five of the most expensive projects are in the West, which is suffering its worst drought since the 1930s. Still, the disputed projects would not alleviate the water shortage

for many years to come, says Mr. Thomas J. Barlow, an official of the Natural Resources Defence Council, a private organisation which supports the cuts. Reports from States throughout the West indicate that the drought there could soon become in some ways as serious as the energy crisis. Unless the climate changes dramatically it is expected to force people to change their domestic habits, to disrupt power generation, to hurt crops, and to push up food prices, and to raise the cost of water, whose abundance and cheapness most Americans have taken for granted.

Relief

Since the President obviously feels the controversial water projects are not the answer to the Western drought, he has moved to give the region short-term relief, asking Congress to appropriate \$24m. for Federal grants and loans to those hard-hit by the shortage. Many groups have long opposed the projects President Carter wants to cut. The Auburn-Folsom dam in California has been criticised on safety grounds. Designed to irrigate 29,000 acres and provide additional water to 387,000 acres, it was once opposed by Governor Jerry Brown of California, who later, as the drought worsened, deci-

ded to back the project, provided it was supported by non-Governmental experts studying it. Opponents point out that the dam's structure would be less than a mile from an earthquake fault. Last year, the Association of Engineering Geologists said that an earthquake could shatter the dam, releasing a 100-foot-high wall of water that would breach other dams downstream and all but drown the Sacramento area. The Central Arizona project, one of the two largest with a projected cost of \$1.6bn, is now about 20 per cent complete. It is designed to draw upon the Colorado River in the Western part of the State, pump the water 2,000 feet uphill, and carry it by 400 miles of conduits to the outskirts of Phoenix and Tucson. Critics however doubt whether the river can supply enough water, contend that one of the main dams would be built over a geological fault, and object that the Varona Indians would be forced off their land. Another complication is the dramatically escalating cost of many of the projects. The Tennessee-Tombigbee waterway is a 232-mile barge canal designed to link the Ohio Valley with the Gulf of Mexico. When it was planned 10 years ago, it was supposed to cost \$316m, but the cost has now jumped to about \$2bn. A Colorado irrigation dam, the Fruitland Mesa, is expected

to cost \$87.2m. Its critics claim it would only benefit 56 farmers. Supporters of the project, in Congress claim that ending work on them would mean the loss of thousands of jobs. The Administration counters with a University of Illinois study showing that \$1.13bn. spent in 1968 by the Corps of Engineers, which carries out such Government projects, created 73,380 jobs. The same sum spent on mass transportation, it suggests, would have generated 78,443 jobs or spent on health programmes 115,419. This argument is only of limited help to the Administration, however, since it proposes cutting the projects from the budget completely rather than diverting the funds to other uses.

Controversy

Whatever the resolution of this current controversy, the drought problem will not be laid to rest by a political compromise involving a few dams. It has become clear that water supplies which Americans once thought boundless as they once thought energy, will have to be well-managed on a national scale if crisis is to be avoided. The U.S. Geological Survey has said American water usage has doubled in the last 25 years, and will double again by the end of the century.

Chung will visit China

By Our Own Correspondent GEORGETOWN, April 14.

THE GUYANESE Head of State, Mr. Arthur Chung, has left for a month-long visit to three Communist states: China, North Korea and Yugoslavia. A Government statement said that the visits have "important political and economic implications." As constitutional President, however, Mr. Chung is unlikely to deal with political and economic matters, and his leadership of the delegation, particularly to China, is seen by some observers as a palliative to the Chinese in anticipation of a possible visit to Moscow later this year by the Prime Minister, Mr. Forbes Burnham. Unofficial reports circulating before Mr. Burnham's recent six-week absence from duties through illness had said that he would visit Canada, Moscow and London. There has so far been no confirmation of these reports.

General Motors to boost production of small car

BY JAY PALMER

NEW YORK, April 14

GENERAL MOTORS, America's largest car maker, announced late last night that it was predicting a recovery in small car sales and that consequently it was scheduling an increase in production of its Chevette, the Chevrolet division's smallest model, by more than 50 per cent, as from the end of this month. The company said that it was adding a second work shift at its Chevette assembly plant "because we expect substantial growth in the small car segment of the U.S. market during the 1978 model year. The decision is a demonstration of our belief in the future of small cars." This move is completely out of tune with the rest of the U.S. car makers who, for the most part, continue to look for sales of the very largest "gas-guzzlers" to outpace smaller "economy" models.

U.S. car buyers have historically favoured the largest cars with smaller models only really coming into their own for a brief nine-month period following the Arab oil embargo and the petrol shortages. Since 1975, sales of sub-compact cars have been noticeably weak compared to the market as a whole with deliveries falling, on a year-to-year basis, by 10 per cent during 1976 and by nearly 15 per cent in the first quarter of this year. This trend affected GM's introduction of the Chevette in the autumn of 1975. The company had forecast 1976 sales of 300,000 units and, in fact, delivered only about 150,000. Since then the continued weakness of this segment has badly hurt American car makers which, unlike GM, Ford and Chrysler, has long concentrated on smaller vehicles.

Cuba to abide by hijack pact

THE anti-hijacking treaty between Cuba and the U.S. expires on Friday, but authoritative sources say that Havana will continue to abide by its terms for the time being.

On October 15 last year, Cuba gave the U.S. the required six-month termination notice after a Cubana Airlines plane crashed near Barbados, killing all 73 persons aboard. Dr. Fidel Castro, the Cuban premier, accused the U.S. Central Intelligence Agency of responsibility for planting a time bomb aboard the plane. Four Cuban exiles are being held in Venezuela in connection with the crash. The sources said renewal of the treaty, which went into effect on February 15, 1973, will undoubtedly be discussed when the U.S. and Cuba resume direct negotiations on fishing rights and maritime boundaries. The first round of talks was held last month in New York.

Venezuela plans \$8.72bn. expenditure for 1978

BY JOSEPH MANN

CARACAS, April 13.

THE VENEZUELAN government estimates that its budget for 1978 will reach around \$8.72bn., up slightly from this year's initial spending projections of \$8.29bn., Sr. Hector Hurtado, the Finance Minister, said yesterday. Responding to criticism over the 80 per cent of this year's budget allocated to current expenditures, Sr. Hurtado asserted that heavy current expenditure is necessary as more schools, hospitals and other public service institutions are set up. Demonstrating its usual tendency to overspend, Venezuela's Accion Democratica Government last year initially approved a budget of around \$7.9bn., but added supplementary allocations, that gave a year-end budget figure of \$10.37bn. About \$1bn. of the extra credits, however, involved a Government loan used to refinance

short-term official debt and another \$381m. referred to a payment from the Treasury to the Venezuelan Investment Fund. This latter payment, though, has not yet been made even though it formed part of the 1976 budget. Current expenditure last year amounted to 46 per cent of the total budget, while 36 per cent, went to capital outlays and 18 to debt service. Meanwhile, President Carlos Andres Perez has said that problems occurring among members of the Organisation of Petroleum Exporting Countries should not be resolved by "one single country" within the opinion among all OPEC nations. The Venezuelan chief executive, who leaves next week for a five-nation tour of Middle East oil-producing nations, is expected to mediate in the price conflict inside OPEC.

Fifteen held in Argentina

BUENOS AIRES, April 14.

THE ARGENTINE Army to-day announced the arrest of 15 persons — including three members of the family of the mysterious Sr. David Graiver — for an investigation of "economic crimes" and "subversive activities." Sr. Graiver's financial empire collapsed after his death in a private plane crash in Mexico last August. His Banque de L'Amérique du Sud failed in Brussels, and his American Bank was closed by New York banking authorities. Press reports on the secret military investigation of Sr. Graiver's sources of funds have charged that he invested \$17m. for the Left-wing Montonero guerrillas, as well as money for prominent figures in the Peronist movement. Among those arrested were Sr. Lidia Papaleo Graiver, his widow, his father Juan, and his brother Isidoro. UPI

Building for the world we live in.

Toyota versus the accident dilemma.

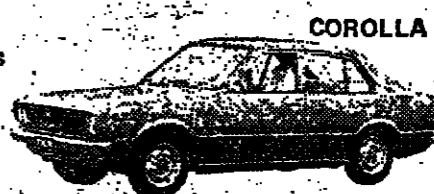
As long as there are cars on the road there will be accidents. It's unfortunate, but true. And while we cannot prevent accidents entirely, there is much that we can do. Building cars which maximize passenger safety and minimize potential vehicle damage are the on-going objectives at Toyota for all Toyota automobiles. Some five years ago we initiated our Experimental Safety Vehicle

program specifically to help engineers continue their research on traffic safety. So far, \$6 million has been invested in the project and over a hundred ESV's have been produced. The Energy Absorption body, frame and bumper system of the ESV's can withstand the impact of a frontal collision up to 80 km/h. Occupants are protected by a gas bag which is triggered by a Radar

Sensor Computer to inflate prior to collision. To assist the driver in emergency braking situations, an Electronic Skid Control System prevents lateral drift on slippery or unstable road surfaces. Road tests continued and the ESV's have proved their life-saving value in head-on and rear-end collisions, side-swipes and roll-overs. This research has contributed immeasurably to the

overall safety of all Toyotas now on the road. Nevertheless, accident prevention is still far preferable to collision resilience. A prime example of this kind of thinking is Toyota's Electro Sensor Panel, an information system which monitors, detects and warns of any malfunction in the lighting, braking and fuel systems. Accident dilemmas remain. But our commitment is to solve them.

We have been thinking and operating this way for over 40 years since the first Toyotas rolled off the assembly line. This is because Toyota's philosophy is to build a car from your point of view. And this policy will never change as long as Toyota makes cars. People who care building for people who care



COROLLA TOYOTA



ماذا من الاصل

OVERSEAS NEWS

Britain may try series of Rhodesia mini-conferences

BY QUENTIN PEEL

A REPETITION of a formal conference on the lines of the abortive Geneva effort to reach a constitutional settlement in Rhodesia may not be necessary, British sources revealed today. Rather, Britain may call a series of mini-conferences or formal consultations with each of the parties involved in the negotiations, in a bid to keep the momentum of the initiative. The whole process could begin, it is suggested, as early as June.

Asian Bank appeal on special funds

LUSAKA, April 14

THE ASIAN DEVELOPMENT BANK (ADB) urgently needs a replenishment of its special funds if the 10-year-old lending institution is to continue extending concessional loans to its least-developed member countries, according to the ADB's 1976 annual report released here today.

Japan rejects U.S. ruling on TV tax exemption

BY DOUGLAS RAMSEY

JAPANESE INDUSTRY officials today denied that exports exempted from Japan's commodity tax are being subsidised by the Government as charged by the U.S. Customs Court in Washington yesterday. They also warned that the ruling, if upheld, might later be extended to cover European products which are exempt from value-added tax (VAT) for export.

ECGD performance bond cover

BY LORNE BARLING

THE EXPORT Credits Guarantee Department last year substantially increased the support it gives the issue of performance bonds for U.K. exports of capital goods. The bonds, which are increasingly demanded by foreign buyers on major contracts, particularly in the Middle East, have recently caused some concern for British exporters.

Front-line talks in Angola

BY OUR OWN CORRESPONDENT

THE 30-nation "frontline" group of black African states is expected to meet in Luanda, Angola, on Sunday for a day of talks covering the latest Anglo-U.S. initiative on Rhodesia and ways of keeping up military pressure on Mr. Ian Smith, the Rhodesian Prime Minister.

Singh takes over as Congress chief

NEW DELHI, April 14

FORMER Indian Foreign Minister Swaran Singh will take over today as interim president of the Congress Party, which is now holding an annual general meeting in New Delhi.

Italian in \$115m. Algerian deal

BY PAUL BETTS

THE Milan Trade Fair, according to officials, is seeking this year to promote the expansion of Italy's small and medium industries into new international markets.

Singapore imprisonment described

MR. ARUN SENKUTUVAN

MR. ARUN SENKUTUVAN, Singapore correspondent of the Financial Times and the Economist, said today that he had been kept in solitary confinement for five weeks in a detention camp in Singapore.

Labour in the election toils

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT, RECENTLY IN TEL AVIV

LIKE THE understudy who takes over from an indisposed star, Mr. Simon Peres has moved to the centre of the political stage since his election on Monday to the leadership of the ruling Labour Party in the wake of Mr. Yitzhak Rabin's resignation.

Abu Dhabi development plan

BY KATHLEEN BISHTAWI

ABU DHABI, the richest member of the United Arab Emirates, is expected shortly to announce a \$8.7bn. development plan covering the period to the end of 1982.

Islanders U.S. sales bid

BY MICHAEL DONNE

FAIREY BRITTON-NORMAN, also helping considerably in the promotion of sales in South America, has just made the maiden flight of a new version of the Islander three-engined light transport, is mounting a major campaign to boost sales in North and South America.

Food exports up sharply

FINANCIAL TIMES REPORTER

BRITAIN, the world's biggest food exporter, exported more than \$200m. worth of processed food last year, the British Food Export Council said yesterday.

Libyan backing for Maltese projects

BY GODFREY GRIMA

A PROTOCOL accord covering the setting up of a number of industrial ventures in Malta, which at least two British companies will participate in, has been signed between Libya and Malta following negotiations held by Mr. Giampaolo Agius Xerri, the Libyan Electricity Minister, and Premier Dom Mintoff and other government officials.

Foster Wheeler wins North Sea contract

BY RAY DAFTER, Energy Correspondent

FOSTER WHEELER of Reading, has won the important contract for process design and pre-engineering work associated with the Statoil Field, a major oil terminal near Bergen, Norway.

THE PROBLEMS FACING MR. PERES

MR. PERES' position is a delicate one. He has to balance the expectations of the Labour Party leadership and the public, while also managing the internal dynamics of the party.

Abu Dhabi development plan

The plan envisages the spending of Dirhams 33.5bn. (\$8.7bn.) over the period from the beginning of 1977 to the end of 1982.

Islanders U.S. sales bid

The company which has already delivered more than 750 of these aircraft, estimated to be worth more than \$50m., mostly for export, has opened an office in Wichita, Kansas.

Food exports up sharply

The volume of processed food exports over the previous year, Mr. Ian Harrison, the Council's general manager, told a Press conference in London.

Libyan backing for Maltese projects

The group has been discussing with Philips and the British and Norwegian Governments a plan to produce oil through the existing Ekofisk pipeline which runs to a terminal on the coast.

Foster Wheeler wins North Sea contract

The terminal planning is based on the North Sea. The Statoil/Mobil group placed the contract which is part of a wider study into ways of distributing oil from the North Sea.

Italian in \$115m. Algerian deal

The consortium, led by the Rome-based concern Generale Impianti in which the State has a 20 per cent stake, has been trained to effectively take over the plant, comes shortly after the announcement of \$500m. deal with the Algerian State hydrocarbon concern, Societe Nationale Industrielle et Chimique (S.N.I.C.).

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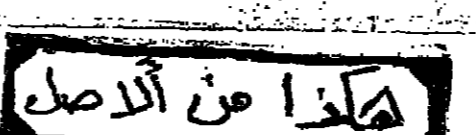
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# HOME NEWS

## BSC dispute hits March steel production figures

**BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT**

PRODUCTION figures at about two-thirds of capacity in the heavy sector—most of which is still suffering badly from the slump in demand which began in 1975—will impact two years' worth of capacity.

The industry still sees signs of any real improvement in demand in the short term. Unofficial indications about steel stocks suggest that consumers' stocks have dropped significantly from the 17 to 18 weeks of supply at which they stood earlier this year.

Even if this was confirmed by official statistics, it would still take two months or more for the

## Demand for NEB to drop £3m. support plan

**By Michael Lafferty, City Staff**

THE National Enterprise Board has been given a six-day ultimatum by a group of 16 leather companies to abandon its proposed financial backing for the Barrow Hepburn Group.

The group told NEB chairman, Lord Ryder, by letter yesterday that they will take legal action against the Board unless the Barrow Hepburn support scheme is abandoned or the NEB is able to satisfy them that it is acting within its guidelines.

The 16 companies claim that the NEB has breached two of the guidelines or operating rules, under which Parliament intended it to conduct its business. The group believes that the proposed action would favour Barrow Hepburn and its tanning section to the detriment of the rest of the tanning industry, and secondly, that the Board would not be able to obtain a reasonable return on its investment with Barrow Hepburn.

## O level maths proposed for teaching entry

**BY MICHAEL DIXON, EDUCATION CORRESPONDENT**

TORQUAY, April 14.

amount of violence on television and films to which children were now exposed. "We cannot believe that young people are unaffected by being suddenly confronted with a world full of violence," she told the delegates.

"They live in a world full of industrial confrontations. They live in a world where magazines and films are far more explicit than just about sex but also about sadism."

Mrs. Williams commented later that while not an advocate of censorship, she was in favour of some agreed procedure for limiting broadcast violence. To this end, she had recently begun high-level talks with the BBC and the Independent Broadcasting Authority.

## Tory hits at party plan for Leyland

**By Richard Evans, Lobby Editor**

A TORY back-bencher yesterday attacked his front-bench spokesman for suggesting that the next Conservative Government would review the situation at British Leyland and would "not pump money into a business with no prospects of making a profit."

Mr. Hal Miller, MP for Bromsgrove and Redditch, said: "It is time we got away from negative, defeatist and theoretical attitudes to the motor car industry in this country. It is no good saying that Britain can do without a volume car industry."

## Leyland bus future remains in doubt

**By Peter Carwright**

BRITISH LEYLAND'S monopoly in the motor bus production market is under further strain yesterday when the industrialist lost a combined bid to transport the ranks of the future for the Leyland B15.

Only one prototype is in service with Leyland Transport, and has done comparatively few miles.

Even British Leyland is having serious doubts about going ahead with the B15. Sir Stan Vapp, chairman of the metropolitan transport sub-committee, said yesterday.

## By-election Grimsby upgraded in regional grant changes

**BY ADRIAN HAMILTON**

THE GOVERNMENT yesterday announced a reshuffling in the status of a number of assisted areas eligible for regional grants in the U.K.

But, despite pressure from local authorities, the Department of Industry was careful not to expand the total assisted area in the country.

It went some way towards balancing the upgrading of certain areas, particularly in Scotland, with a downgrading of others, such as Aberdeen, which are felt to be less in need of special assistance.

Announcing the changes yesterday, Mr. Eric Varley, Industry Secretary, said that these intermediate areas would become development areas—the Grimsby employment office area (where a by-election is to be held in two weeks) and the Hull and Shotton "travel-to-work" (catchment) areas.

## Road analysis criticised

**GOVERNMENT METHODS** of assessing whether new roads should be built or improved are done in a way that is not suitable for a region like the South West of England, it was claimed yesterday.

The South-West Economic Planning Council told a Government committee that the "cost-benefit analysis system" did not take account of the huge increase in traffic during the summer, which was up to ten times the normal level.

The technique did not recognise the environmental benefits which local by-passes could bring.

## By-election Grimsby upgraded in regional grant changes

**BY ADRIAN HAMILTON**

The upgrading would take place immediately, he said. The downgrading would take effect on April 1, 1978.

Change from a development to a special development area involves only a small rise from 20 per cent to 22 per cent in the rate of regional development grant paid on qualifying plant, machinery and building projects.

The difference between intermediate and development area status is greater as grants are payable on plant and machinery as well as building in development areas but only on building in the case of intermediate areas.

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## oster Wheeler's North contract

**By Ray Daffer, City Correspondent**

TER WHEELER'S North Sea contract for the supply of 501 turbo-propellers for the new generation of British Leyland's double-deckers is being fraught with problems.

Last year for instance, 1,140 gearboxes had to be changed or repaired at an average cost of £200 each—more than half of the 2,000 strong fleet.

The gearboxes on average last only about 45,000 miles. It was said the executive is also waiting for 500 buses, promised for delivery at least a year ago.

## Tories 'should fight curbs'

**BY RICHARD EVANS, LOBBY EDITOR**

A SENIOR Tory back-bencher yesterday called on the Conservative Party to oppose Phase Three of the pay policy in the name of economic freedom.

Mr. Nicholas Ridley, MP for Cirencester and Tewkesbury, and a former Trade and Industry Minister in Mr. Heath's administration, warned his constituents that stage three, were it to be negotiated, would not hold.

Rewards have become totally out of line with effort, differentials have been compressed, and resentment is building up. The glorious forces of economic freedom will soon break out," he declared.

## Negligible increase in money stock

**BY PETER RIDDELL, ECONOMICS CORRESPONDENT**

THE MONEY STOCK on all its various definitions rose by less than 0.1 per cent, seasonally adjusted, in the four weeks to March 15, according to figures published by the Bank of England yesterday.

In the 11 months since mid-April 1976, the broadly-defined money supply—has risen by 51 per cent, compared with a range of nine to 13 per cent for the full banking year projected by the Treasury last December.

### GROWTH OF THE MONETARY AGGREGATES (%)

	Money stock M1		%	Money stock M2		%	Bank lending*	
	Seasonally adjusted	Unadjusted		Seasonally adjusted	Unadjusted		Seasonally adjusted	Unadjusted
1976								
January 10	488	620	3.8	291	1.5	-93	-32	
February 10	511	648	0.8	236	-8	-103	-123	
March 10	522	640	2.0	448	7.2	444	420	
April 10	523	640	0.0	448	0.0	444	185	
May 10	523	640	0.0	448	0.0	444	227	
June 10	523	640	0.0	448	0.0	444	678	
July 10	523	640	0.0	448	0.0	444	8	
August 10	523	640	0.0	448	0.0	444	490	
September 10	523	640	0.0	448	0.0	444	460	
October 10	523	640	0.0	448	0.0	444	264	
November 10	523	640	0.0	448	0.0	444	15	
December 10	523	640	0.0	448	0.0	444	167	
1977								
January 10	523	640	0.0	448	0.0	444	156	
February 10	523	640	0.0	448	0.0	444	306	
March 10	523	640	0.0	448	0.0	444	30	

# New! Lufthansa daily 8.25 am businessman's flight to Düsseldorf from Heathrow



## Make sure you travel with our Yellow Book.

A new addition to our Yellow Book from April 1st is the daily breakfast flight LH 061 to Düsseldorf, and with the last plane, LH 060, back at 21.10. It means you can get in a full day's work and be back at Heathrow by 22.25. Also from April 1st, there will be non-stop daily flights to both Bremen and Hanover. LH 047 leaves Heathrow 12.25, arrives Bremen 13.45; LH 049 leaves Heathrow 10.25, arrives Hanover 11.45. Ask your travel agent or Lufthansa for our Yellow Book.

**Timetable Flugplan**

**Lufthansa**  
German Airlines

**Notice of Redemption**  
**Nippon Electric Company, Limited**  
7 1/2% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 25, 1966, under which the above described Debentures were issued, Citibank, N.A., as Trustee, has drawn by lot, for redemption on May 15, 1977, through the operation of the sinking fund provisions of said Indenture, \$270,000 principal amount of Debentures of said issue of the following distinctive numbers:

NIPPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING	
Serial Number	Serial Number
1111	2017
1112	2018
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Westward  
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Michael Downes, Aerospace Correspondent

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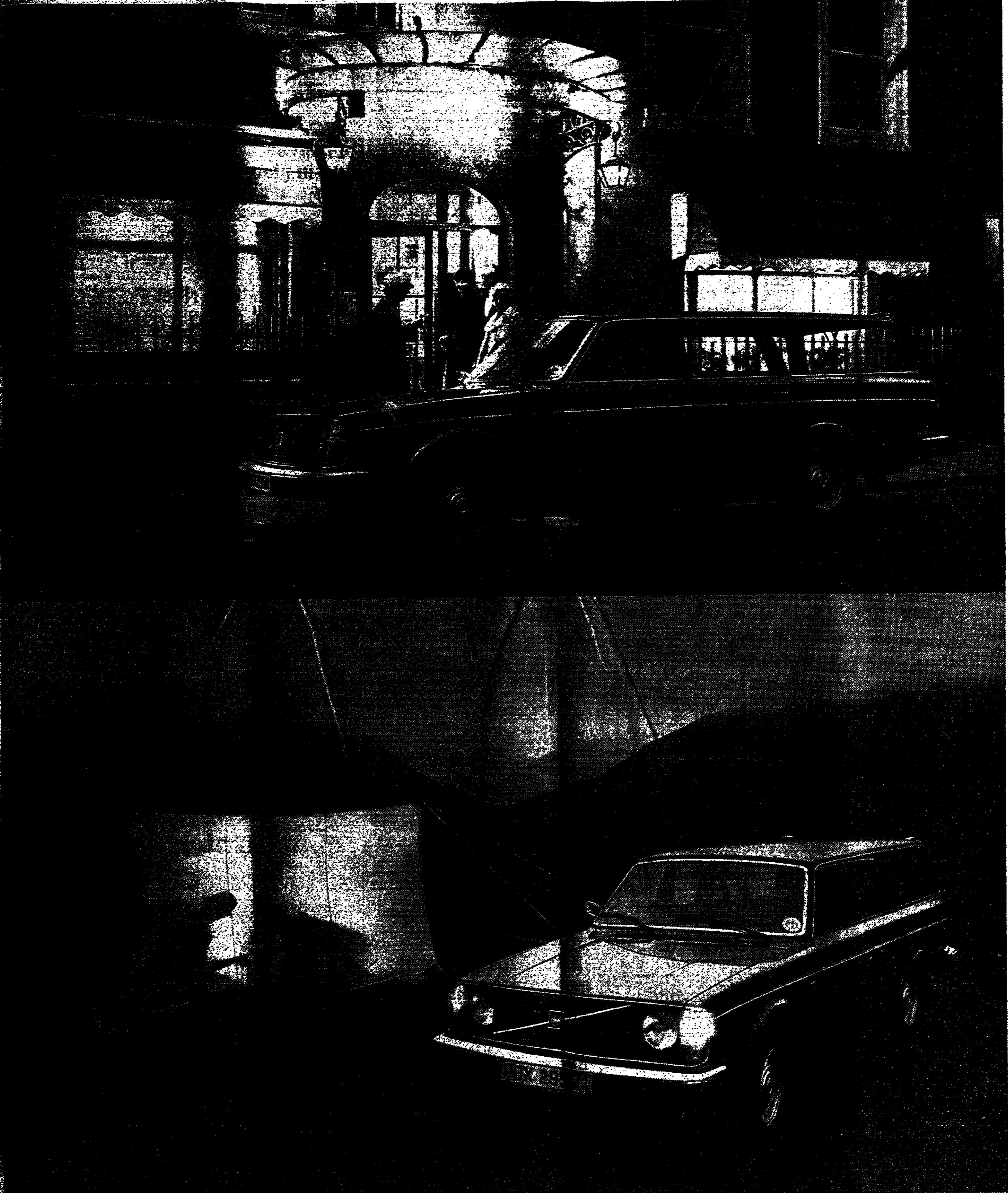
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MPANY

هكذا من الاصل

# THE VOLVO 245 ESTATE. THE IDEAL CAR FOR A NIGHT OUT.



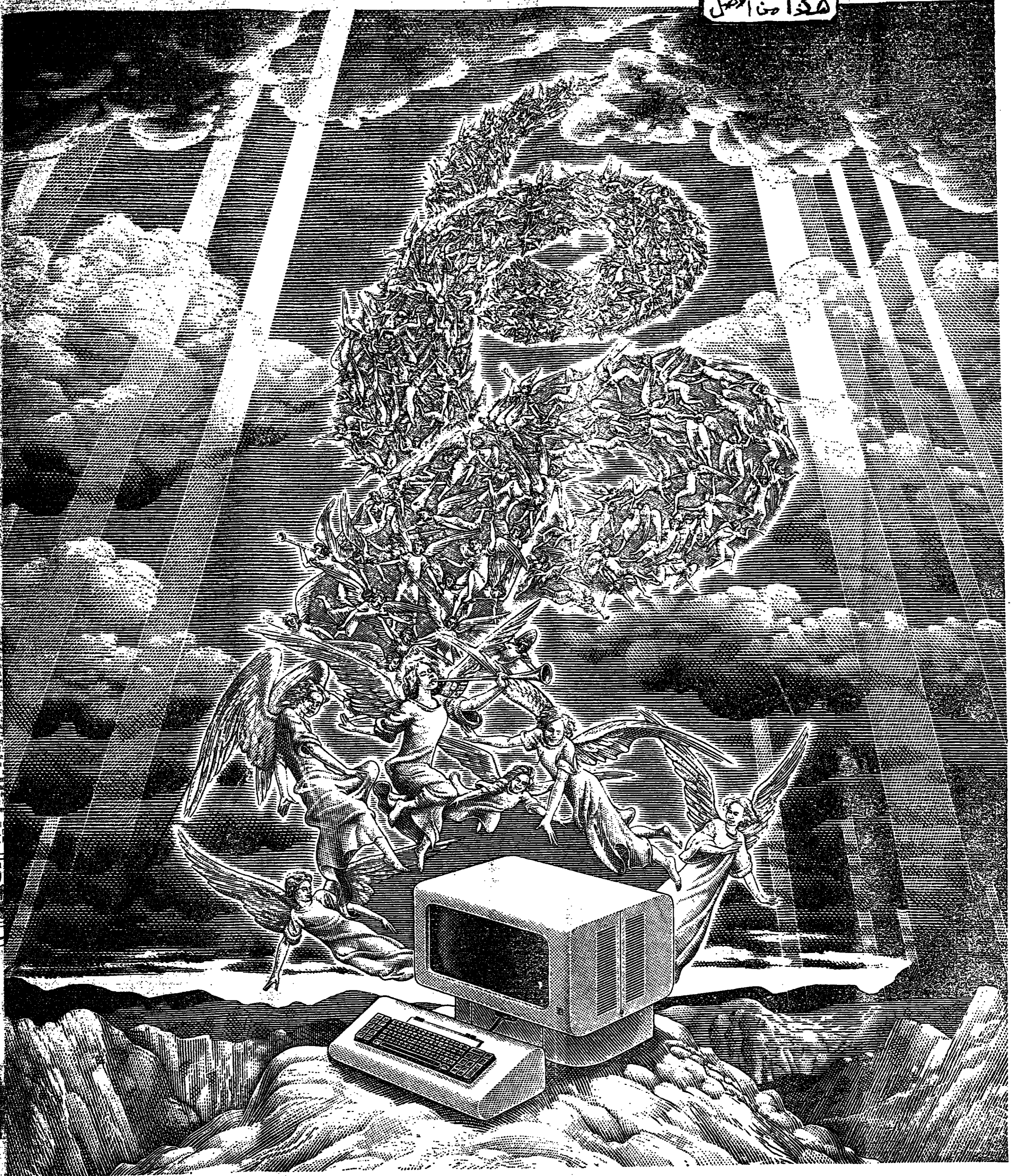
The first estate that's smart enough to go to all the best places  
and tough enough to survive all the worst. Prices start from £5,051.

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## We're sorry to bore you but we've got another miracle.

As from today, mere mortals can actually communicate directly with a Computer. Without even needing to be versed in a Computer's Mysteries.

The people responsible for this marvel are IBM.

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# The Property Market

BY QUENTIN GUIRDHAM

## GRAPT near to break-even on trading

THE GRA Property Trust annual meeting, on Monday week, will be enlivened by opposition from a shareholders' association, of which John Briggs, a Huddersfield solicitor, is the leading light. Mr. Briggs, who with his wife owns 70,000 shares, is angry about the property asset reductions which drove up the greyhound racing company's share in the market to over £1.50 and is not convinced that the new Board, acting under the creditors' committee to administer the scheme of arrangement (the company was insolvent by September 1970) is acting in the shareholders' best interests.

The new GRAPT Board, and its advisers, have taken the opposition seriously enough to produce a pamphlet in defence of their position. Theirs is a fairly powerful case, since the agreement negotiated with creditors was a particularly reasonable one if shareholders were ever to see any of their money back. The Inland Revenue was persuaded to delay its preferential claim to £800,000 (it will get the last £400,000 of this in July) and will wait with the unsecured creditors (so far paid 18p in the £) for the other £400,000 owed.

The ICI Pension Funds, now secured creditors for nearly £10.7m, have less surprisingly, in view of the loans they were encouraging GRAPT to take up, agreed to a lengthy realisation, interest. If the building was let, including Stock Conversion, which has agreed terms to allow the dogs to go on racing at White City, London, until 1981 in a manner which places no burden on the GRAPT cash flow. A leaseback of the stadium would, the Board of GRAPT say, have also involved it in a full repairing and insuring lease—immediately costly to the company since some repairs would be required now—rather than an agreement to keep the buildings in the present condition.

Mr. E. J. Aaronson, chairman and chief executive, maintains that the time schedule to eliminate the deficit in shareholders' funds remains about seven years. But with racing profit and investment income up to £1,478,000 in the year to last October, and interest for this year estimated at £1.55m, something close to break-even on the profit and loss account could be achieved this year (the racing is going well, and might benefit from more racing days and some revenue from novice bookmakers as a result of representations to the Royal Commission on gambling).

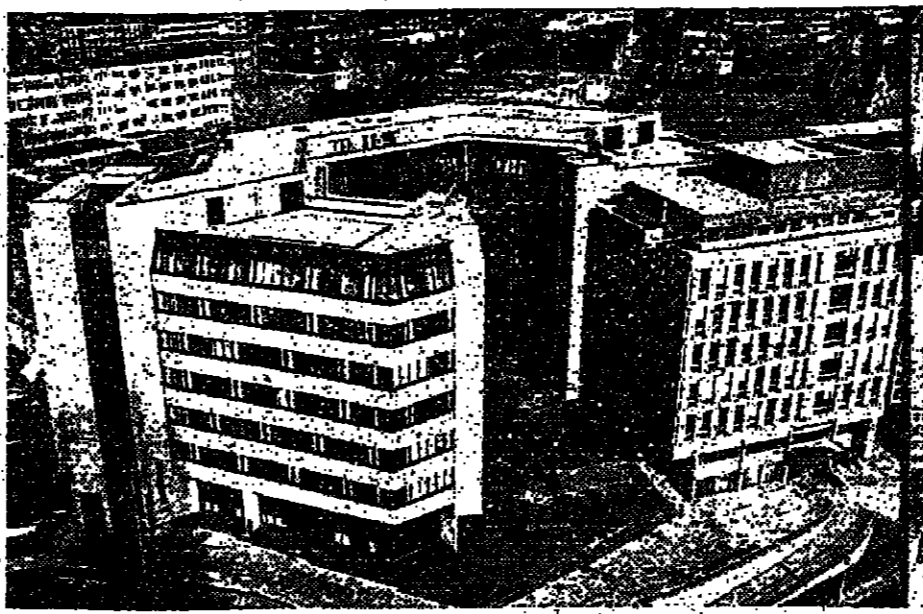
Where Mr. Briggs has a case is in discovering quite how sound, old-established company, apparently well advised, could have gone quite so wrong so quickly when entering the property field. Unfortunately the same could be said in so many other cases that calls for further inquiries seem redundant. Meanwhile the most important completed property yet to be sold (apart from the old Harringay Arena, now in warehouse condition) is an office block at Bletchley, where GRA's leasehold

## Savills rates growth in secondaries

Savills has produced a fairly bullish report on the commercial property investment market. The agents did the same thing last October and within a few days MLR had gone up another two points and made nonsense of it. But not nonsense for long, say Savills, recording that things are back much as they were before the interest rate crisis and producing this graph of yields, a generalised one, but few will argue with the trends shown. The yield gap has since March narrowed further, with MLR at 8½ per cent, and Gonois yielding under 12.5 per cent.

So what is new? Savills argued last October that an active letting market would be necessary before institutions would look seriously at revenue properties. It thought that provincial offices "in areas of potential short supply, modern industrial and warehouses and perhaps central London offices were the sectors which might see the first signs of a sustained rent revival."

It now reckons that the outlook for rents has improved enough for a more active market in reversions. The City, thinks Savills, is already showing enough rental strength to return to its traditional premium rating. The agents now appear a bit less enthusiastic about provincial offices (just how many areas of potential short supply are there?).



Sun Life Assurance yesterday had its new building in Bristol (left) formally opened by the Lord Mayor and now has 650 of the eventual 900 staff working there. Sun Life Court, at St. James Barton, had a building cost of £4m, and the company has also acquired

three other buildings in Bristol as part of the relocation, two of them purpose-built as a training centre and a storage-printing works. The first staff moved, in the autumn of 1970, and the last will not leave London until 1978. The society reckons the exercise will be one of the most successful ever, in the sense that 60 per cent of the Bristol staff are ex-London employees who decided to make the move West. The Cheapside offices in the City (right) will remain the chief office, but with a staff down from around 1,000 to 100,

requiring only the seventh and eighth floors. That leaves another 50,000 sq. ft. below, now being redeveloped with completion next spring, to the few available 50,000-plus sq. ft. units. Legal and General's London accounts for one of the 900

	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Offices	6.0	6.5	6.5	6.25	6.0	5.75
Central London	6.0	6.5	6.5	6.25	6.0	5.75
Provincial	8.0	8.5	8.5	8.25	8.0	7.75
Industrial/Warehouses	5.75	6.25	6.25	6.0	5.75	5.5
Shops	15.0	14.75	14.25	12.25	12.0	11.0
Minimum Lending Rate	15.7	15.3	14.4	13.4	13.5	12.7

Healey and Baker report opposite Centre Point, a pretty strong prime and good figure for this position, strengthening as well as the City secondary West. End shops, has though, tenant Virgin Records is and think that shops, following an increased in recent months. It getting plenty of space behind a cyclical pattern of the past, have quotes a 20 ft. frontage, 900 sq. ft., 20 ft. frontage—2,200 sq. ft. of ground floor retailing and another 2,500 sq. ft. of basement, (not suitable for retailing.)

A point Savills makes on shops is that the high street is growing shorter and that really prime pitches are scarcer than ever. It maintains that, outside exceptional bargains like Princes Street, Edinburgh, or Above Bar, Southampton, good secondary pitches are shown greater than prime shops, resulting in a low base rent figure. In general, the agents make the point that the secondary

## OUT AND ABOUT

French Kler Property Investments has received its planning consent from Castle Point District Council for a shopping centre on the main shopping thoroughfare, Canvey Island. The developer is a partnership between Kler and the council, while the six-acre freehold, with a 50,000 square foot building and 27 shop units, is being reckoned to start of this year. Edward Jones, arranging funding and agents say negotiations supermarket are advanced. Trill and Bond, general developers for retail centre layout.

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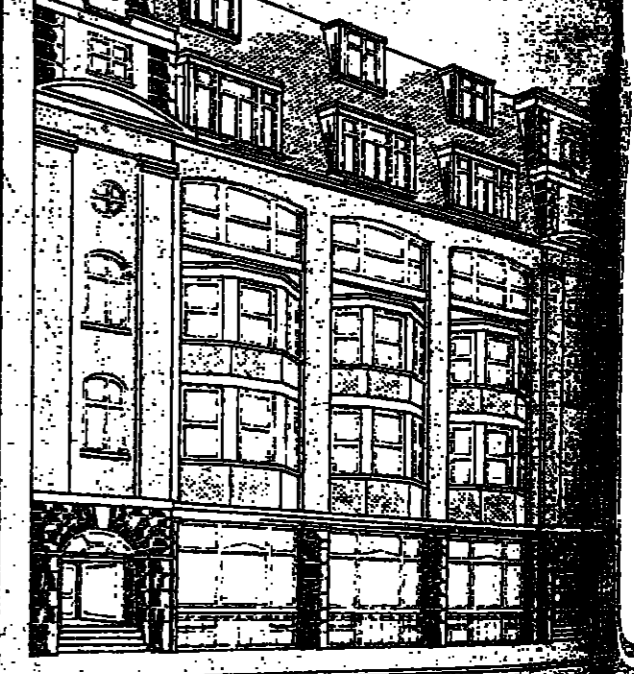
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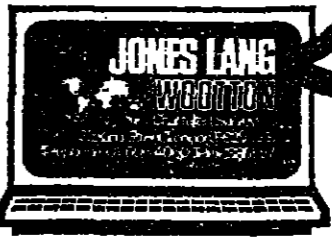
	SQ. FT.
21 WORMWOOD ST	665
FRIARS HOUSE, NEW BROAD ST	1272 1648 2,580
LING HOUSE, DOMINION ST	2,200 1,585 843
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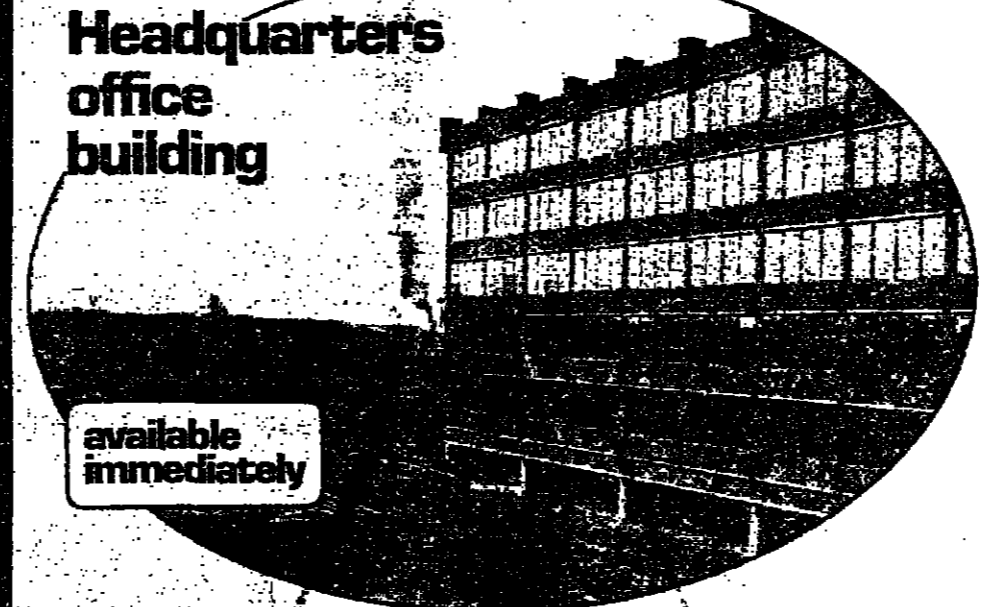
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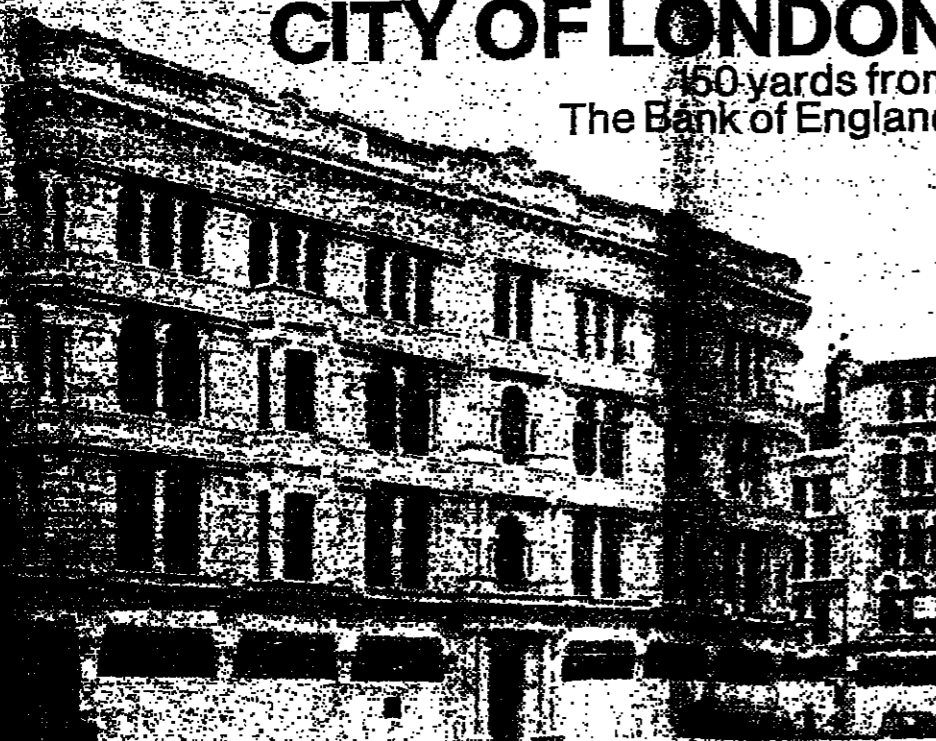
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LABOUR NEWS

Banking union seeks 16% rise

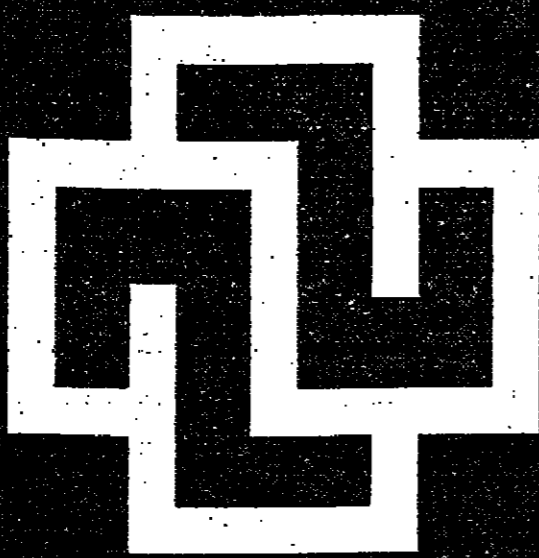
By Nick Garnett, Labour Staff

Leaders of the National Union of Bank Employees want at least 16 per cent wage rises for all bank staff under any Phase Three incomes policy. This will be the recommendation to go before the union's conference at Sheffield which starts this week-end. They also want something done to help restore differentials, the exemption of cost of living allowances from pay restrictions and a body to monitor any new wage policy.

TUC adopts low profile on industrial democracy

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE TUC has decided to lie low for the time being on industrial democracy because of the Government's political difficulties in the House of Commons and the overriding problem of incomes policy. On key points the document shows considerable willingness to accept the Bullock compromise. On the "triggering" procedure, it says that Bullock's suggestion of a ballot of all employees if employers resisted a union approach appeared to be in response to complaints that non-union members would be disenfranchised. The TUC has always maintained that this argument has very little basis. But the document adds: "The provision of a ballot does not seriously undermine the essential basis of union representation called for by the TUC."



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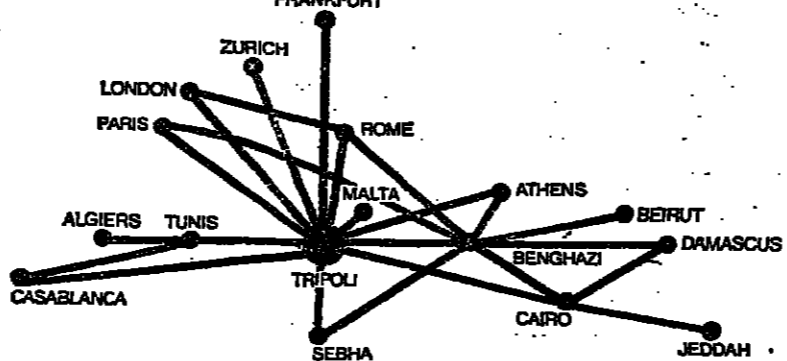
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انخطوط الاجوية العربية الليبية LIBYAN ARAB AIRLINES

Railwaymen to strike over pay dispute

BY DAVID CHURCHILL, LABOUR STAFF

THE NATIONAL Union of Railwaymen yesterday decided to call an official strike early next month of about 6,000 London members employed by Mr. William Rodgers, Transport Secretary, in protest over a deadlocked pay dispute. The strike, at the corporation's subsidiaries, National Carriers and Freight Liners, is likely to severely disrupt road and rail distribution services. The union also said it was prepared to extend the strike call to all British Rail and London Transport members in the London area if the dispute continued. Mr. Sidney Weighell, NUR general secretary, said last night that the executive had decided on the strike action on May 9 because of "frustration at the length of negotiations and the failure of the corporation to abide by an independent ruling on the dispute."

Warders' action may close museum

BY OUR LABOUR STAFF

SECURITY MEN AT The Victoria and Albert Museum yesterday threatened action if management ahead with plans to close museum on Mondays. The museum says it operate the scheme from 26 as part of the Government cuts in Civil Service pay. The 200 warders at the museum are responsible for the care of all members of the Service Union which yesterday that if any were away from work on April 15 the museum's warders would go on strike indefinitely. Mr. Robert Burgess, administration at the museum yesterday that the system was "already stretched." The cut in the number of warders meant the museum could no longer operate 6-day week. It would have to close Monday to allow the remainder of the reduced number a rest day. The union prefer a Saturday closure on Saturday had twice as many visitors as Monday. Mr. John Sheldon, the deputy general secretary, said the union was opposed to upsetting this by closing the museum of days. At present the museum was open only for a half-day on Saturday, so that was a day for closure. The union is not opposed to cuts in staff, which affect departments of the museum as well as the security staff, provided that the proposal to close sections of the museum on a daily routine to reduce the need for security has already been rejected.

Merchant Navy fails to agree on package

BY OUR LABOUR CORRESPONDENT

SHIPOWNERS and unions representing Merchant Navy officers yesterday failed to reach agreement on a pay and conditions package. The major stumbling-block is the general council of British Shipping has offered the maximum allowed under the present incomes policy. One major problem is the "niching" agreement applicable in U.K. or "near Continental" ports in which cash compensation is given to officers, who, while not officially working, are forced to stay on-board. The General Council says it will extend the agreement world-wide when incomes policy allows. Others problems include rest periods and medical severance payments.

More prison staff may back Dartmoor protest

BY OUR LABOUR STAFF

OFFICERS AT a number of prison governor, yesterday they were considering providing only an emergency guard. This was in response to what the men saw was a breach of what was a local agreement when 19 officers were sent home by the governor. The officers claim that any refusal to obey orders would result in them being told to hand in their keys and leave the prison late last night. The 150 officers at Dartmoor are being taken action and in the past two weeks in protest at the prison's 500 inmates their living conditions. They were forced to spend 48 hours, excluding meals, in their cells.

Long steel strike forecast

THE PORT Talbot steel works, recommend whether to take strike, which entered its fourth week yesterday, is to go on for a long time, according to Mr. Wyn Bevan, the electricians' works convenor. The dispute between the 500 striking electricians and the British Steel Corporation over pay differentials may be stepped up to-day at a mass meeting near the steel plant where 6,700 workers have been laid off. The strike committee will consider whether to import steel at source.

Staff bodies

THE COMMERCIAL Group Staff Association of four unions refused to be part of an independent Certification Office. They are the Arts Council of Britain Staff Association, Cameron Staff Association, the Bernard Wardle Staff Association.

Labour man accuses SNP of cowardice

THE SCOTTISH Nationalist yesterday accused "political cowardice" tactics for the district elections on May 3, by Mr. Allison, Scottish organiser of the Labour Party. "In Glasgow, the SNP are fighting Labour seats knowing that Labour has the majority party," Mr. Allison said. "But throughout Scotland there is evidence that the SNP are being the part Government even at local level. In Aberdeen, the SNP contest seven seats out of 14 (north of Glasgow) seven out of 21, in Moray 14 out of 28, in Dunderberg 10 out of 20, and in Kirkcaldy 10 out of 20. "Dundee, of course, is an example of how the SNP run away from realities of Government. They are fighting no seats at Allison said."

Handwritten note: 15/05/77



FACTORY AUTOMATION

How men can be replaced by robots and computers

BY SUE CAMERON

THE JAPANESE are planning a computer-automated machine tool factory that will employ 100 people...

control of a number of machines by a computer. An initial draft plan of the computer-automated factory...

the National Engineering Laboratory and from various U.K. companies such as BOC, GEC Machines, Vickers and Rolls-Royce...

managers. He says that the work being undertaken in Europe, Japan and America...

ensure that everything runs smoothly. With some DNC systems it is possible for an operator to type out the word HELP on his keyboard...

Double output per man At present it appears that GEC Machines in Rugby is one of the few within the U.K. that is planning to install a full DNC system...

have to be serviced. One possible solution to this problem is being developed by the Norwegians. In Norway a number of manufacturing cells controlled by a DNC system...

are to be set up in the countryside around a central factory. The plan is to site the cells in remote areas where there are no proper service stations for domestic appliances...

Training and techniques The advent of computer-automated manufacturing is certain to have significant implications for managers and line operators...

Japanese committee The Japanese have set up a special committee whose main purpose is to examine the likely effect of computer-automated manufacture on the workforce...

control machines which are the basic units required in computer-automated manufacture. These machines follow a programme that has previously been worked out by a computer...

Mr. Kovacs adds that full automation within a factory will make it easier for managers to reach quick decisions because much of the information they are likely to need will be speedily provided by the computer...

Plans for a computer-automated machine-tool factory that can be operated by only ten men are already well advanced in Japan. Now British industrialists are exploring the possibility of introducing fully-automated small batch production to the U.K.

It will be used to manufacture the main components in electrical machines such as shafts and frames. It will be able to cope with weights of up to two tons, any sizes that fall within a two-metre cube and, in the case of shafts, parts that are up to four metres long...

Engineers at Salford are also investigating group technology and cellular manufacturing which are both necessary for full computer automation. Group technology involves the classification of parts into different technological 'families'...

Cellular manufacturing is a form of organisation that can be applied in any factory - regardless of whether or not computers or numerical control machines are used...

Wardens' action may close museum Our Labour Staff and other unions are threatening to strike against the museum...

RESEARCH PROJECTS An 'open door' for industry A SCHEME that will enable businessmen and trade unionists to put forward their own ideas...

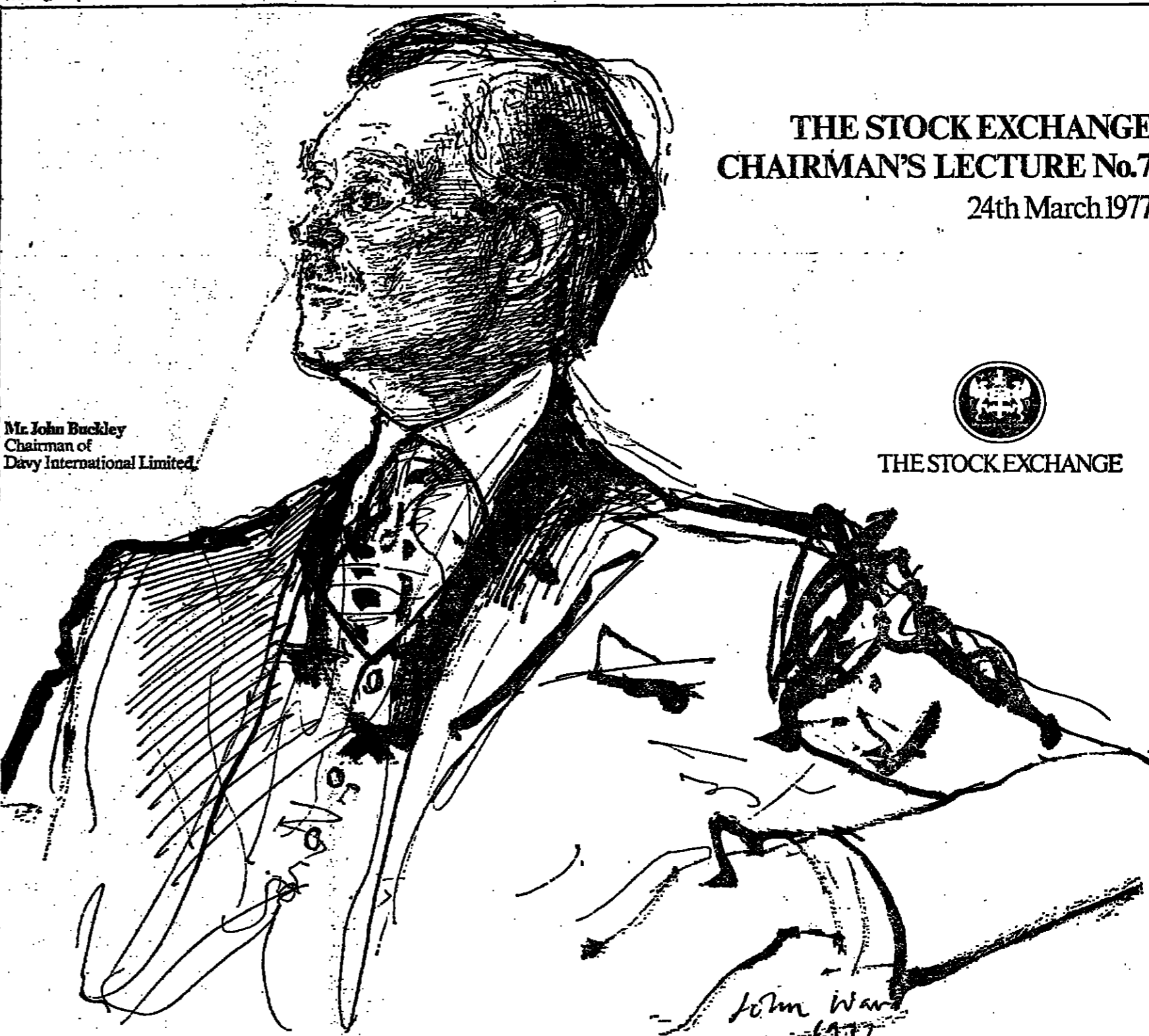
Academics The council points out that if it knew exactly what sort of research people in industry required there would be no need for the introduction of the scheme...

There is almost no extreme of poor performance which cannot be reached by a person or a group of people, given sufficient lack of encouragement.

Let the foundry manager and the coal miner be better off than the chap who manages the bingo hall?

I doubt very much whether the USA and German banker and investor would put up with some of the management performances we suffer here?

The Chairman's Lectures have established themselves as a means whereby world figures can make known their view on matters of current or long-term importance. On 24th March, Mr. John Buckley put forward his views on Productivity in British Industry.



Mr. John Buckley Chairman of Davy International Limited.

THE STOCK EXCHANGE CHAIRMAN'S LECTURE No.7 24th March 1977

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Academics The council points out that if it knew exactly what sort of research people in industry required there would be no need for the introduction of the scheme. So one of the main aims is to identify the real life problems which academics may have overlooked in the past.

The Chairman's Lecture No. 7. The Public Relations Office, The Stock Exchange, London EC2N 1HP. Please send me a copy of John Buckley's Speech on Productivity in British Industry.

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A North Sea challenge for the U.K. chemical industry

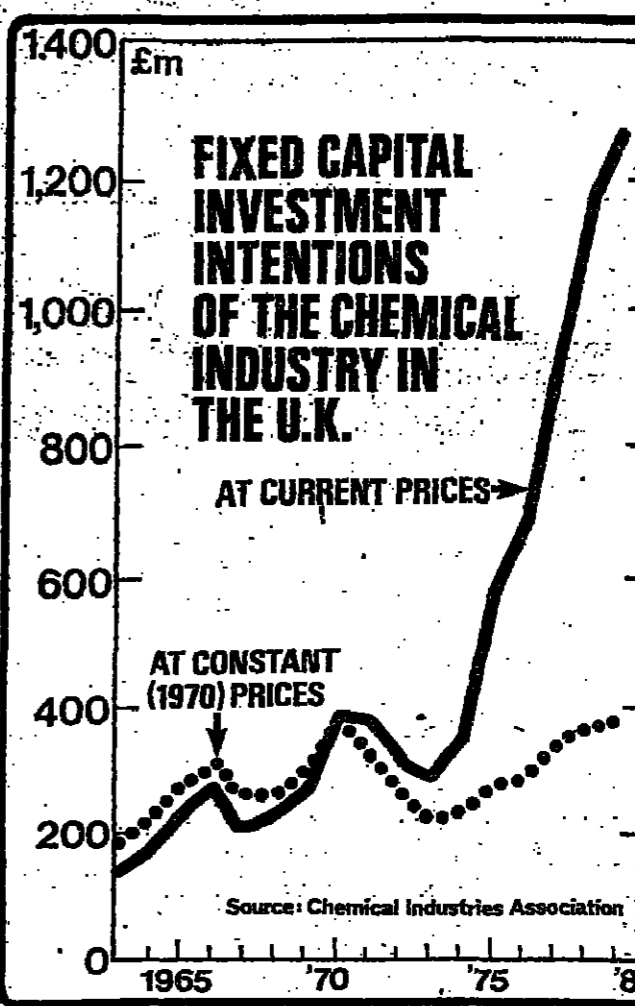
BY RHYD DAVID

WITH North Sea oil now beginning to flow, chemical companies face the prospect of intensive Government persuasion and cajoling to increase their interest in the new oil as a source of chemical feedstock.

about the circumstances in which it has to operate. Plants can take at least six months longer to build in the U.K. than in Western Europe generally, adding to their cost, and companies also feel that planning procedures in the U.K. are more complex than elsewhere.

renewly working on more optimistic assumptions on the rates of growth in home and overseas markets than its German counterpart.

But British trade unions are arguing that market growth should not be the only consideration. With the advantage of North Sea oil as a feedstock, they say the industry should invest in increased capacity and go for an increased market share even at the expense of profitability, in order to become a more substantial force within the European chemical industry.



Source: Chemical Industries Association

A change in direction

PRESIDENT CARTER'S decision to drop his plan for income tax rebates represents a major change of mind. Only last week the President was adamant that the whole of his economic package, including the tax rebate, must go through.

Inflation

That he has changed his mind now is evidence of flexibility, though he may have been influenced by the hostility which the plan for the rebate had run into in the Senate. But it is also more than that. The decision to drop the plan shows that in matters economic the Carter Administration is essentially conservative.

Dr. Burns, among others, has argued that the economy is now recovering well enough without the need for further stimulus, and that inflation is the greater danger. Recent indicators tend to support this view. The exceptionally severe winter and the drought in California have been pushing up food prices and there has also been a sharp rise in the price of industrial commodities.

Future

All this is to be welcomed. It means that the summit can concentrate on longer term issues such as the avoidance of protectionism, the transfer of resources involved in the North-South dialogue, energy supplies and nuclear proliferation. These are, after all, the issues of the future. They are also the ones on which friends and allies are most likely to fall out. United they can achieve a great deal, but divided very little.

A very slow rise in output

THE LATEST attempt by the Central Statistical Office to estimate what is happening to industrial production leaves the general picture in much the same vague state as before. On the one hand, the index of production in all industries fell back slightly in February, on the other hand, earlier estimates for preceding months have been revised upwards.

But this rate of increase is exceptional: the economic forecast at the time of the Budget put the probable increase in gross domestic product between the first halves of 1977 and 1978 at 1 1/2 per cent, or 2 1/2 per cent, if more optimistic assumptions were made about our trade performance. Moreover, it is entirely due to output of North Sea oil and gas and to higher demand - presumably connected with the weather - for the output of public utilities.

Money squeeze

The banking figures for the month to mid-March, which were also published yesterday, are a monetary reflection of this situation. The Government's borrowing requirement was rather larger in this period, partly because there was some curbing of expenditure in the month, since it is in any last month of the financial year, case ineffective, and standing authorities were not ready to make a return to them longer selling gilt-edged stock on a large scale.

Advantages of Britain

As Mr. Asher sees it, there are three main advantages Britain now has which should commend it as a location for chemical investment - not only to leading British groups but to European and American concerns as well. Gas from the North Sea can be used to produce ethylene in Britain, whereas to ship it elsewhere will require liquefaction and refrigeration, adding greatly to the cost.

Another factor in the product of a particular plant in the U.K. has to be fitted into an integrated European supply chain. Mr. Asher suggests there is also evidence to show that output per employee is not only lower in the U.K. than in Germany, for example, but that the gap is increasing, bringing the danger that U.K. wage cost advantages will be more than offset by lower productivity.

Britain's membership of the EEC also means that refined products can be sold without tariff barriers across the Community where increasing pressures from environmental lobbyists have begun to pose problems for the chemical industry in its search for new sites. Britain, with its faster-flowing rivers and long coastline, provides fewer pollution problems, though there remains the danger that the EEC Commission could nullify Britain's present advantage by imposing equally stringent controls on all member countries regardless of differing circumstances.

The Government has made it clear it will be prepared to offer considerable help to companies attracted by these prospects. It is now actively sponsoring the idea of a gas-gathering pipeline to collect parcels of gas from different North Sea fields to make it available as feedstock for the chemical industry.

A possible incentive

However with the industry's investment schemes now coming forward the Government is unlikely to heed the GMWU's suggestion. Although direct moves by Government agencies into chemicals - in a bid to ensure that oil and gas are not simply used as fuel - obviously cannot be ruled out at some stage, the most advantageous approach is to persuade the big international groups to increase their U.K. stake.

The big producers have existing markets and plants throughout Europe to supply and can phase new capacity into their systems. Furthermore, if the big producers can be persuaded to extend their facilities in Britain for the production of base chemicals it is likely that further downstream plants - again supplying markets already developed - will follow.

MEN AND MATTERS

Arrivederci, Eugenio

Perhaps the principal question mark over yesterday's announcement that Eugenio Cefis, the chairman of Montedison, Italy's largest chemical concern, is to resign, is whether it is destined to end in another commedia all'italiana or whether this time Cefis really means what he says.

He has after all threatened to resign from Montedison once before, back in March 1975, only to take it all back less than a month later after successfully getting himself installed as president of the control syndicate set up theoretically to control him. At that time, however, his position was strengthened by an improvement in the troubled group's fortunes and a breakthrough to profitability after years of heavy losses.

What provoked his resignation this time has been his inability to get Government permission to raise fertiliser, drug and other Government fixed prices, to cut back on surplus fibre capacity, or dispose of other assets, like Montedison's banking interests. Neither could he get the Government to guarantee the success of a massive capital increase desperately needed to re-structure Montedison's finances and reduce the crippling debt servicing burden which lies at the heart of its problems.



Probably one of the Fraud Squad!

It could well be that when the inevitable political in-fighting ends Cefis will be persuaded to remain at his post as the Christian Democrat Party's best guarantee of at least keeping their political rivals from the running of this highly strategic company.

It can surely not have escaped their attention that Cefis, by remaining at the reins for two months and pushing through his management re-shuffle, has in fact nearly reversed the Communist and Socialist Parties' position. They have demanded a two-month moratorium on Montedison policy issues so as to debate the whole question of the company's future in Parliament.

Save us

"There goes an important story" observed the man from the Morning Star wistfully. Hard to disagree: Jack Jones, leader of the Transport and General Workers Union, had been due yesterday to talk about Saving Public Transport, but it was announced at the last minute that he had been called away for urgent talks with Chancellor Denis Healey.

Those left behind struggled on bravely without that ubiquitous primus inter pares, helped by a statement from another absentee, Ray Buckton, the train drivers' leader, castigating routinely the Government's "lack of imagination" on transport issues, which is to say lack of support for the public end of the business. The occasion was a Press conference in Jones's headquarters to announce the climax next Thursday (mass meetings, lobbying of Parliament) to the Save Our Services campaign, well as de facto, a State corporation, as the Socialists and Communists want, is highly political.

called process design work on a size of the U.K. industry further ethylene plant of the U.K. market. 500,000 tonnes capacity and ICI and BP are currently completing a new crack, likely to cost more than £200m. products ethylene on Tei ICI are also thought to be considering a new joint venture at Grangemouth in Scotland. The reason why all this has not been enough to silence the industry's critics is that although the industry has been successful there is a strong feeling that the opportunities now exist to raise its performance further. Chemicals is one area where the U.K. already achieves major balance of trade surpluses - 24 per cent of that earned by manufacturing as a whole last year - though it should be added that pharmaceuticals make a disproportionate contribution to overseas chemical earnings.

Moreover, while the industry has received large sums in the form of investment incentives it has not - unlike some of its continental counterparts - large sections of British manufacturing - had to turn to the Government for rescue. Its record in labour relations, productivity and technological innovation, has also been very good.

The talks which the Government has been having with major companies on schemes to make use of North Sea oil being followed up by a number of studies aimed at understanding and correcting the problems now encountered in some of the chemical industry, a special high value organic working party has been set up to see if a higher level investment could be encouraged to reduce dependence on other European countries, and to expand its share of the world chemicals trade. The NEEDO plastics committee has also asked one of the first big ethylene producers, British accountancy 30 per cent of European British industry could capacity in 1985. Though the industry could not have hoped to hold on to this share as other producers entered the market, help to give the U.K. an exportable position as a European chemical sector are not that it should be given the haps under way.

Nevertheless there are weaknesses in some parts of the industry, although it has grown faster than the economy as a whole. Britain's poor record in post-war has meant that the industry has failed to match the growth rate established in other European countries, and its share of the world chemicals trade has been declining. As one of the first big ethylene producers, Britain accounted for 30 per cent of European British industry could capacity in 1985. Though the industry could not have hoped to hold on to this share as other producers entered the market, help to give the U.K. an exportable position as a European chemical sector are not that it should be given the haps under way.

Announcements from many of Britain's smaller chemical companies have confirmed the trend to match the continued slow recovery in world demand. Furthermore, studies are now being carried out by several companies, which could lead to some very big projects being unveiled within the next year or two. Esso is looking at the possibility of building a plant at Mossorran in Fife for converting ethane gas from the North Sea into 600,000 tonnes per year of ethylene, the main chemical building block which finds its way into one-third of all plastics.

Shell, as well as committing itself to a major revamp of its No. 3 ethylene plant at Carrington, Manchester, at a cost of £25m, is also undertaking de-

Such eccentricities aside, those bent on saving public transport have a sad story to tell. Bus services have declined in quantity by 25 per cent in ten years and rail services by just about 50 per cent in 20 years. And Jim Daly, chairman of the GLC's transport committee, criticised the "dangerous assumption" that since 51 per cent of households have cars, the majority of citizens have access to private transport.

If the main breadwinner used the car, he pointed out, that left the rest of the family immobilised and in inner London, where urban decay has now become an urgent problem, the proportion of families owning cars fell to 23 per cent. Put another way, Daly said that well over 65 per cent of inner London's total population depended on public transport.

There were agreements that some new roads for the reviled motor car were still needed, the M25 south orbital motorway, now steadily chipping away at what is left of the North Surrey countryside, getting a favourable mention. But otherwise Daly and union spokesmen saw the need for the re-ordering of national priorities. Everyone greeted openly questions about how the national cake could conceivably be shared out differently - and openly declined to try to answer anything so thorny.

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Large advertisement for a car, partially visible with the word 'vehicle' and 'funding'.

# FINANCIAL TIMES SURVEY

Friday April 15 1977

السؤال من الاجل

## Vehicle Finance and Leasing

In the search for means to lighten the heavy burden of capital and operating costs nowadays involved in the ownership of vehicle fleets many companies are turning to the facilities offered by contract hire, rental or leasing.

This survey discusses the options open and their relative merits.

**OWNERSHIP OF A motor car** has become something of a dubious privilege. The operating costs associated with a fleet of motor cars, in particular, have risen to nightmare proportions—first because of the cost of borrowing money, and secondly because inflation, along with other factors, has chased up the price of new motor cars. The declining value of sterling in recent years has, of course, made the import of foreign vehicles an even more expensive exercise.

In the face of such heavy replacement costs, the average fleet manager has naturally been tempted to hold on to a fleet for that much longer—the penalty for which has been to fall foul of the widening gap between new and second-hand car prices, to suffer higher repair bills because of the increased incidence of mechanical failure and higher consumption of both petrol and oil. In other words, at best such a tactic has merely postponed the evil day and, at worst, the ultimate costs have ultimately been even higher.

Small wonder then that more and more companies are being won over to the idea of contract hire or vehicle leasing. Just where one starts and the other begins is a little uncertain since competition has developed that the fleet operator is in a position to demand (and get) almost any permutation of services he may require.

The advantages of leasing, contract hire, or whatever combination the operator chooses, are plain to see. The most compelling argument in favour of any form of leasing, be it on motor cars or anything else, is that it releases funds that would otherwise be tied up in depreciating assets to be put to more profitable use elsewhere in the business. Leasing is not even necessarily cheap. But it does give the operator a fixed cost that he can project forward as the known price of running the fleet. Depreciation is written into the monthly payment, as can be servicing, repairs, etc. In other words, there are no intangibles.

The package may not be an attractive one for the traditional fleet or transport manager since a deal of this type goes a long way towards making him obsolete. But there are some very seductive arguments for the finance director who is probably more vital in today's financial climate than he has ever been before.

And if the finance director likes it so far, there are even more wrinkles that he may appreciate. For example, the cost of a leased fleet does not appear in the balance sheet and payments may be set against revenue. Thus other lines of credit are left intact to be used on different, probably more profitable, items of capital expenditure. Then, there are the rather more complex—and contentious—tax advantages, depending on the circumstances.

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few companies are really paying all that much corporation tax so the capital allowances are not much good. But if the leasing company has taxable profits then it is clearly a better idea if the lessor claims the benefits and passes them on to the lessee in the form of lower rental payments—in that way, everyone benefits.

As is always the case with any rigid rules, there is a direct challenge to the inventive mind to find a way around. In this case the method is generally for the lessee to set up a subsidiary, either on his own or jointly with the lessor, to act as selling agent. Thus it can be said that the lessee is not receiving the benefit directly. Whether this

involved in the motor business itself and prides itself on the discounts it can obtain and residual values it is able to negotiate at the end of the day. It is not an advocate of passing on residual values or of "tax leasing."

Its fiercest competitor, Lombard North Central—a subsidiary of National Westminster

Bank—is going full tilt into the vehicle leasing business from the opposite direction. In contrast to Dial, the operation is purely financial and its growth position has been achieved through financing the motor distributors up and down the country and through forging links with manufacturers.

Among the motor manufacturers, Ford is probably the most aggressive, Leyland and Chrysler preferring to work through the dealer network and hand in hand with the finance companies.

Ford, through its subsidiary Ford Motor Credit, has a foot in all camps. It works through the dealerships throughout the country; some dealers use

cost of cash and there is either a refund or debit at the end which goes to a specially set up subsidiary, as does any bonus on the residual value. It is, however, one of those against the idea of tax leasing on the basis of capital allowances.

There also appears to be room in the business for the small specialist leasing broker who can provide a very bespoke service for the client. Specialist Leasing and Management Services is a company which has been set up specifically to help the executive who wants an expensive car on best terms.

The competitive situation is likely to intensify still further as others enter the business. Renault, the French car manufacturer which offers extensive leasing facilities in its home country, is understood to be entering the U.K. market.

Elsewhere, Peterson Howell and Heather, the U.S. group, is coming into the market through its subsidiary PHH. The latter is especially interesting since it makes a point of concentrating on the service it can offer to management.

PIH sets about making a complete appraisal of a company's fleet policy and for a fee suggests ways in which this can be improved; the savings achieved generally cover the fee. The study will encompass not only whether to buy for cash, on hire purchase, or go for leasing or contract hire; it will also take into account the costs of servicing, the type of car and where it is bought. It has a nationwide network of approved dealers and has links with the major manufacturers and reckons to score on both discount on the cars and residual values.

One of its more interesting aspects—and this is another eye-catcher for the finance director—is that monthly rentals, while fixed for the duration of the lease, fluctuate according to the

Package

The basic idea is to use lines credit from a variety of sources, including international banks, which are not experienced in the U.K. leasing business and put together a package for a client making maximum use of the tax advantages. The residual value problem is removed by the car being sold to the executive himself for a nominal sum and he can then sell the car on the open market. The idea is especially attractive for the executive running his own company.

The one area that has yet to be fully developed is the heavier end of the commercial vehicle market. Here, there are some basic differences, such as the larger chunks of money involved in each vehicle and the longer working life. However, no doubt these problems will be overcome in the near future and at least one major finance house has plans in this direction.

### Widening choice of facilities

By Keith Lewis

The debate over just whether leasing is legal or not is apparently causing tremendous friction in the industry. There is one camp that says it is illegal, whose members do not give away the capital allowances. There is the other—those incidentally, who are creaming off the business at the moment because their terms are more attractive—who claim that it is perfectly proper practice and who have taken legal advice from counsel to back their opinion. Either way, it does not seem unreasonable to ask the powers that be to clarify that particular problem.

The other, and equally sensitive area is the question of

direct the contract is reckoned to be not leasing or contract hire, but hire purchase. Thus, if it is estimated that a motor car or vehicle costing £2,000 at the outset is going to be worth £1,000 two years and 40,000 miles later, but in fact fetches £1,200, the odd £200 must not be returned to the lessee—at least not directly.

For some, estimating the final residual price is the whole art of the business and where the contract hire company stands to gain or lose, depending on his expertise at forecasting car values. For others, returning this extra, in whatever manner, is another of the persuasive arguments pitched at the fleet operator.

is in the spirit of the law as well as the letter is open to debate. At the moment no one appears to be too bothered.

Suffice it to say that the vehicle leasing business is booming, with the competition intense and the numbers of converted increasing. Those most heavily involved in providing the services are the finance companies (which are almost all owned by the clearing banks) and the manufacturers.

Dial Contracts, the subsidiary of Mercantile Credit (itself wholly-owned by Barclays Bank), has been in the contract hire business for years and is the largest in the U.K. with around 6,500 motor cars under its wing. Dial is very much

Bank—is going full tilt into the vehicle leasing business from the opposite direction. In contrast to Dial, the operation is purely financial and its growth position has been achieved through financing the motor distributors up and down the country and through forging links with manufacturers.

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### Acquiring

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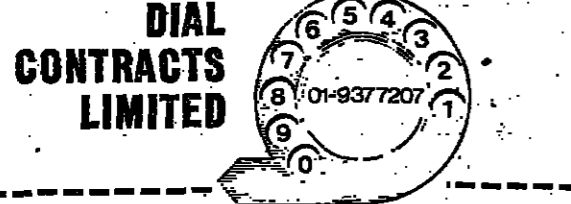
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THE U.K. MOTOR companies, among them the country's largest exporters, are faced like the rest of manufacturing industry with an increasingly complex set of rules by which the world export game is played. They are also aware that their chances of winning are greatly assisted by knowing the rules backwards.

The major factors affecting the financing of exports in recent years have been the high and continuing high rate of inflation in Britain, and the large fluctuations in the value of sterling. It is certainly true that the inflation rate has been damaging to exports and it is now felt in the motor industry among others that the policy of holding sterling at its present level will in the longer term have its effects on exports.

Varying... The major motor companies, due to their different structures, have varying approaches to the financing of exports and the vital matter of insuring against default or a number of other contingencies by foreign buyers. But in this latter respect there is great reliance on the services of the Export Credits Guarantee Department.

The need for competitive rates in supplying both finance and credit insurance is underlined by the size of the industry's exports, which amounted to a record £3.3bn. last year. The export surplus—the amount by which exports exceeded imports—was 7 per cent. higher than in 1975 at £1.6bn. Over the year car exports rose 31 per cent in value to £832m. and commercial vehicles were 28 per cent higher at £548m.

tract itself, and any failure in the contract through loopholes cannot be recovered. In the case of major contracts the insurance element is locked into the total bid figure, but it is felt that ECGD rates are fair and competitive with other countries, and that the Government subsidy element more than compensates on the premium. In the case of Ford, the availability of a large number of sister companies through which exports are channelled precludes greater use of ECGD, and more use is made of letters of credit which are arranged through its own finance companies in the U.K. But like the industry as a whole, it makes use of buyer credit facilities where possible and generally aims for immediate payment for products.

Performance bonds, sums of money which are sometimes required by foreign buyers as a guarantee on delivery dates and the quality of goods, are becoming more common in motor industry contracts now and a recent Far East tender has even included a provision for servicing of public transport vehicles over a long period. In these instances, commercial banks are often asked to assist, but problems arise for smaller companies due to the effect on the exporting company's borrowing

and Scottish. The dealer and customer are in the position where they can negotiate terms between themselves over the initial discount on purchase and the estimated residual value of the car at the end of the lease. If the dealer predicts the final value badly then the profit he makes out of the arrangement is reduced; if he forecasts well then he could do very well out of the second price that the car fetches. Either way, neither the finance house nor Leyland loses.

THE CRITERIA on which a buyer bases his choice of motor-car have changed. A car's looks still count for a great deal, as do its specification and performance. But those manufacturers who have maintained or improved their market position—and this particularly applies to the foreign motor-car manufacturer—have done so on the basis of availability of the hardware, the choices available, the accessories that are standard but, more importantly, on the warranty offered against mechanical failure and subsidised finance that frequently accompanies a sales drive. The recent campaign by Fiat on one of its models, offering 7 per cent finance and a 24-month warranty, would be a typical example.

Such considerations are as important for the fleet operator as for the private buyer—and fleet operators are big business for the motor manufacturers, accounting for well over half of all new cars. It follows, therefore, that the manufacturer would want to look after these valuable customers, either by direct support or by indirect support through the dealerships up and down the country.

Manufacturers have set about cultivating their customers in a variety of ways. But in terms of potential reward it adds up to the same thing—captive customers who, if they feel they have been treated fairly, will come back for more and who will represent an ongoing source of revenue through their inevitable consumption of spare parts. The corporate buyer will be looking for delivery, the ease with which spares can be obtained, low servicing costs and reliability because every day his salesman are off the road is costing money. His overriding objective is almost certain to be to keep the cars operational at the lowest possible cost. And if that follows, then, bearing in mind to-day's trends, he will be asking about leasing and contract hire.

With the former, the fleet operator negotiates his deal with the distributor and Ford Motor Credit finances the transaction. The dealer takes the risk on whether he has got his sums right. In the finance lease, Ford quotes the terms to the fleet operator who, through the use of a subsidiary, has the residual value of the car. In this case, the fleet operator takes the risk as to whether he profits or loses on the disposal of the vehicle.

An increasingly popular arrangement is the net rate open-ended lease. With this deal, the customer negotiates the price of the vehicle with the distributor at which point

Some of the large distributors have the muscle to have created their own leasing or contract hire subsidiaries. Others have turned to the finance companies which in turn have forged friendly links with the manufacturers: Leyland and Chrysler fall into this category. Others, such as Ford and Vauxhall have gone into the finance business in their own right.

The Leyland policy has been to adopt a very conscious horses for courses approach; that is, to let the financing experts take care of the finance and those in the motor trade take care of their own area of expertise. Due account has also been given to the fact that some might see a full-blooded Leyland finance subsidiary as having been set up in direct competition with its own distributors.

As it is, the Leyland distributor is in the position of either being able to provide the facilities directly himself or through finance houses such as Lombard North Central (the National Westminster Bank subsidiary), Mercantile Credit (Barclays Bank's subsidiary), Forward Trust (for Midland) or Loyds

nately negated much of the advantage which would otherwise be gained. Returning to the larger contracts, British motor companies are understood to be competitive in most tenders, but competitors from companies which are not party to the Bernese Union agreement on the degree of Government support for credit guarantees and who can offer lower interest rates on longer term loans, are at a distinct advantage. In these circumstances ECGD and their production can offer flexibility in some cases, but the matter then becomes arguable between the company's sales executives and the financial department. The question arises about whether it is worth winning a contract

Expect... Now some buyers tend to expect a lower price if it is quoted in dollars, or any other hard currency for that matter. On the other hand, the fall in sterling's value has had some advantage where (as is widespread in the industry) prices of vehicles are quoted in the local currency. In those circumstances the company concerned has had the choice of retaining the additional margin or reducing prices.

However, for vehicles such as cars the local market price generally dictates the price level and the high rate of inflation in Britain has unfortun-

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VEHICLE FINANCE AND LEASING III

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# Operators' prospects

**AFTER** a difficult period the major rental and contract hire companies operating in Britain are experiencing better business conditions, although inflationary effects such as rising vehicle and running costs have caused difficulties, particularly for the smaller operators.

There have also been some changes in the structure of the leasing and rental companies, which are continually looking for the most lucrative and growing areas of business as economic conditions change. These conditions also have marked effects on the company sector, which remains one of the most important through its decisions on the leasing of fleets.

In the U.S. some 60 per cent of company cars are on lease. In the U.K. the vast majority of companies still purchase and manage their own fleet, to the belief that they manage them as well as any employee. However, the full administrative load is seldom taken into account by companies

when estimating the comparative costs between buying and leasing.

The major companies such as Avis, Godfrey Davis and Hertz each have their own views on how to put across to potential customers the advantages of leasing and rental (either to companies or individuals, and they similarly have long-term plans for each market sector.

This is exemplified by the recent deal in which Godfrey Davis agreed to take over Hertz's truck rental and leasing operations in Britain, a move which will create added competition for Avis's truck operations. The deal cost Godfrey Davis about £300,000 but the company has stated that it expects a pre-tax profit of around £100,000 from the acquisition by 1977-78. There are clear advantages in making use of existing facilities, creating lower overheads for the operation per vehicle in a larger fleet. The agreement will add an additional 325 trucks to the

200 which are already available for leasing.

Hertz believes that the U.K. is one of the strongest markets in Europe, and was described by Mr. Vincent A. Wasik, the recently appointed executive vice-president in charge of Hertz's worldwide car rental operation, as the keystone of the European operation. The hiring-off of the truck rental operation was described as part of a reorganisation in the U.K.

Hertz's strength has traditionally come from the business market in the U.K., with some 80 per cent of all car rentals made in this sector. It is more rational to concentrate its management resources into this growing area, which will doubtless be challenged by other operators aware of its potential.

While Hertz sees a large proportion of its growth in the British market coming at the expense of its competitors, Avis is also planning expansion, but apparently in a different area. The Hertz rationalisation is aimed largely at improving efficiency for the businessman, who is less concerned with price and trimmings than having the right vehicle at his disposal at the right time.

The new system would be based on corporate offices rather than franchisee or licensee operations. There are now about 30 corporate offices serving around 80 outlets. New reservation centres have been established at Birmingham, Glasgow and Manchester. There have also been reopenings at Southampton and Prestwick.

The Avis strategy for growth is based also on tapping the business travel market, particularly through airports and major city centres such as railway stations, and it is clear that competition will be fierce in those areas. Similarly, Avis is aware of the attractions of efficiency. It is also believed that major European-based rental and leasing companies may be aiming at the British market.

Last year Avis, which now claims to be the largest car-hire organisation in the world, invested some £500,000 in a new

car-care system designed to ensure that every one of the estimated 7,000 cars in the company's British fleet remains in good condition. The main expenditure in the scheme was on a new fleet maintenance centre at Lansley in Berkshire which employs about 60 people with the sole job of looking after cars. This is supplemented by 22 other workshops and two body repair plants around Britain. The centre is near Avis's Heathrow location.

"Service is of paramount importance to the businessman," the company said. Hire rates were largely dictated by the cost of new cars, petrol (which raises rates despite the customer's input because of ferrying of cars to and from centres), insurance and a number of other factors.

In this respect the large international companies such as Avis, with considerable borrowing power to replace fleets regularly, are clearly at an advantage over their smaller competitors which may have to make for longer with existing vehicles. However, some companies clearly believe that in the rental and leasing of commercial vehicles, the small local operator is at an advantage by being close at hand and able to meet the sometimes difficult requirements of local users.

The number of vehicles by type either rented out or leased in Britain remains a difficult figure to establish because of lack of official statistics, but a good guide has been provided by the British Vehicle Rental and Leasing Association, whose secretary Mr. Oliver Dawson last year carried out a survey of members.

The survey conducted in mid-1975, showed that self-drive rental cars accounted for 71.5 per cent of business, light vans and conversions 18 per cent, commercial vehicles 5.5 per cent, tractor units 1 per cent, and trailers 4.4 per cent. In 1974 cars were about the same at 70 per cent, light vans higher at 22 per cent, and the others broadly similar, with trailers up by 3 per cent in 1975.

On the contract hire and leasing side in 1975 cars took 76.5 per cent of business, light vans and conversions 13.5 per cent, commercial vehicles 7 per cent,

# Producers

**Ford Motor Credit** pays the market for whatever he can get involved amount. Then the company enters a leasing arrangement with Ford which is based on the cost of the car, plus finance charges divided by the number of months; this arrangement can be terminated at any time after 13 months on a fixed early settlement scale. Part of the deal is that a third party (normally a subsidiary) agrees to guarantee Ford against loss and to buy back the car for a nominal sum of £1 at the end of the leasing period.

If the lessee is set for four years and the customer terminates at the 24-month stage he is bound to pay the unexpired portion of the original loan, less the early settlement figure. In order to purchase the car, once that has come through the customer, with the subsidiary acting as agent, can sell the car through the

Vauxhall's operations in this field are marketed under the name of Master Lease, which is designed to help fleet operators with anything from a Viva saloon car up to the heavy end of the Bedford Commercial vehicles—and Vauxhall Rental which caters for the private customer.

Others are in the market too. Renault, for example, which operates a very extensive leasing business in its home country is known to be looking very carefully at the UK. And BMW, the prestige German car manufacturer, is also advertising leasing arrangements for executives.

The market is clearly an expanding one and it is certain that the manufacturers will be increasing their interest accordingly.

**Keith Lewis**

### Dominated

Compared with the breakdown in 1974, Leyland increased its share by 3 per cent, while Chrysler dropped by 1 per cent and Ford by 3 per cent. Commercial and other vehicles were dominated by Ford with 42 per cent of the market share in 1975, although this was 3 per cent down on 1974. Leyland held 19 per cent, Vauxhall 16 per cent, and Chrysler 7 per cent.

Although these figures do not indicate the latest trends, they give a broad indication of the structure of the U.K. industry, which continues to offer industry a means of reducing capital outlay on transport fleets at a time when inflation continues to create liquidity problems.

However, the business rental market remains the most volatile and it is clear that in the coming year there will be increased competition, among the larger companies, which will perhaps improve the service as a whole, but is clearly a threat to the smaller operators.

**Lorne Barling**

### Endorses

Avis reckons that the leasing business in private cars has been growing very slowly in recent years, and if anything Godfrey Davis endorses this view. This sluggishness has pushed Godfrey Davis more and more into commercial vehicles. As with cars, its leasing service is comprehensive assuming responsibility for repairs and maintenance — both on and off the road.

In fact Godfrey Davis uses the term contract hire rather than leasing; in 1975-76 these activities contributed pre-tax profits of £387,000 compared to a peak of nearly £1.5m. three years earlier. But vehicle leasing is not simply a matter for maintenance agreements; most of the attractions are in fact financial rather than administrative.

At the top of the list, the major incentive for anyone contemplating leasing is that it does not involve capital outlay. Effectively, leasing is a longer-term rental process, hence the term contract hire. Leasing rentals can be charged direct to revenue.

At the same time, leasing offers the opportunity for off-balance sheet financing. If the potential customer is heavily geared — in effect, has already borrowed heavily against the assets in his business — leasing reduces the need for further debt. In addition there are tax advantages in terms of the timing of tax payments; and

the problem of eventual disposal of vehicles, often a considerable headache for the average company, is totally eliminated.

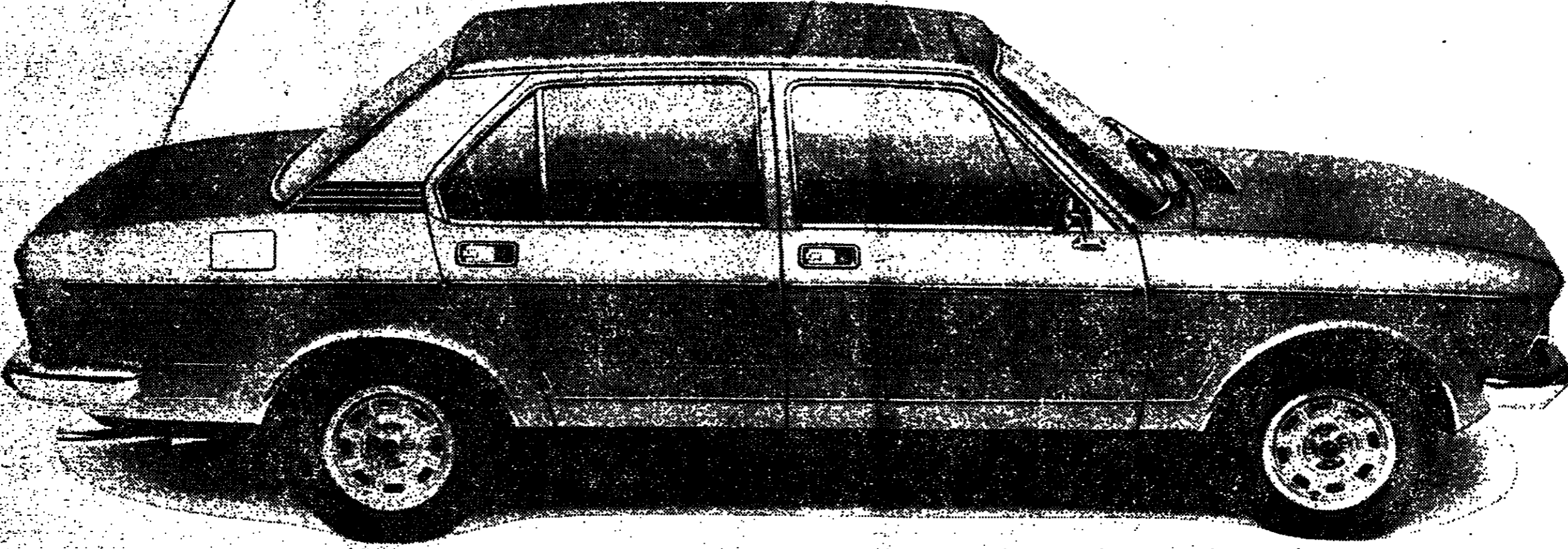
A further important facility is the access leasing companies have to 100 per cent first-year write-down allowance on passenger cars. This came into effect in the 1971 Finance Act but until recently the position remained obscure over passenger cars. Recent discussions between the British Vehicle Rental and Leasing Association and the Inland Revenue have resolved the difficulty. Leasing companies are now able to pass on the benefit of this first-year write-down allowance for passenger cars in much the same way that it applies to commercial vehicles.

The fleet operator who chooses to purchase his commercial vehicles is entitled to claim the first-year write-down allowance. But it is only by using a leasing company that the fleet operator can obtain this benefit with private cars. He cannot claim it direct; it will be part of his agreement — and these vary almost entirely from one contract to another — with the leasing company.

A restriction in this respect can be the form of absorption of available profits of the leasing company against which tax reliefs can be recovered. Some of the major companies in the industry have been going through a far time in terms of return on capital employed in recent years (the example of Godfrey Davis' profits since the early 1970s is by no means an isolated example) and as a result most companies in the leasing industry have imposed restrictions on the amount of funds they are prepared to make available.

However, the cost of money has become less prohibitive following the decline of interest rates since the third quarter of 1976; over this period the Bank of England's Minimum Lending Rate has dropped by more than a third to 8 1/2 per cent. And although the trend of industrial activity is still low, it may well be that in 1977 the leasing business will recover some of its former poise.

**Jeffrey Brown**



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VEHICLE FINANCE AND LEASING IV

Company car tax may change emphasis

IT IS NOT really surprising that the company car is one of the most popular perks in British industry. Nor is it surprising that a Labour Government should want to dilute the tax benefits for status reasons—the rest had to have a company car and in-... It is this deep penetration of the corporate market that led Mr. Denis Healey, climbed down from his original hard-hitting stance on taxing these benefits... The position is still confused and it will take at least one complete fiscal year to allow assessment of the impact on company policies and executive tax rates. But it appears, on first impressions, that there are sufficient loopholes left clear to allow substantial ultimate benefit to car users. It is a problem that affects most executives. A survey carried out last autumn by the British Institute of Management (BIM) showed that only 1 per cent of its sample of 446 companies did not provide company cars. No less than 82 per cent of board directors had company cars, while this benefit was enjoyed by half of middle manage-

ment, and a quarter of junior executives. Four out of every five salesmen drove a company car. And in the entire sample, a Labour Government should only 44 per cent got this perk... The third category is the person who uses a company car predominantly for business purposes. This will normally be the salesman with a large territory doing over 25,000 miles a year on business travel. He is also taxed on the scale used for the first category, but at half the rate. So in the example above, instead of paying tax on £225 a year, he will pay tax on £112.50 a year. It is entirely up to the company to classify which employees fall into which of the three categories and obviously each company will arrive at a different fleet mix. One of the immediate effects of this legislation has been to cause companies to examine their company fleet policies and in some cases their overall remuneration packages for employees. It is already possible for companies to have found some solutions to help employees overcome some of the additional tax burdens. For instance, in one of the multi-national groups with head offices in London, employees who have company cars for status reasons, have been asked to make sure that at least 10 per cent of their overall annual car mileage is for business purposes. By adopting this stance, the capital allowances are basically the same as they were before and ostensibly no one is any worse off. Before the new legislation came into effect the group had made a separate arrangement with the Inland Revenue (a normal practice) whereby 10 per cent of the value of the car is for business purposes and the condition that no one claimed for

mileage allowances. In addition for tax purposes under interest-free loan is normally greater than the assessment of a free company car. Changes in the Consumer Credit Act recently have made it more attractive for the companies to lease to individuals. Before the recent Statutory Order that came into effect on April 1, individuals were able under law to surrender the loan with suffering any penalty—a claim which made many companies willing to lend to individuals. Now, however, there has been change that removes this loans where the interest rate under 13 per cent or a rate equivalent to 1 per cent of Minimum Lending Rate. All the recent tax changes credit alterations have not, however, removed the necessity companies to examine what they should buy or lease when building up their fleet. This question requires in-depth investigation. In most cases more efficient from a tax point of view to lease cars rather than purchase. This option removes the need for management to spend a lot of time in fleet management, the decisions are basically taken out of their hands.

Travel

But it will not be as simple as that for a host of other executives and more sophisticated manoeuvring may be required. One consultant, Mr. David Whitehead of Fleetlease, has calculated that for an employee that does between 12,000 and 15,000 miles a year on business travel, it may be cheaper to lease his own car and claim a mileage allowance from his company in advance. Naturally that allowance is taxable, but at least he can offset the leasing charge and other expenses actually incurred. This solution, though, is only available to employees who get a car as a condition of employment for travel purposes and not for the executive perk ride. But even for executives who do not normally use their car for business purposes, it may be worthwhile considering buying their own car on money borrowed from the company on

an interest-free loan. The benefit for tax purposes under interest-free loan is normally greater than the assessment of a free company car. Changes in the Consumer Credit Act recently have made it more attractive for the companies to lease to individuals. Before the recent Statutory Order that came into effect on April 1, individuals were able under law to surrender the loan with suffering any penalty—a claim which made many companies willing to lend to individuals. Now, however, there has been change that removes this loans where the interest rate under 13 per cent or a rate equivalent to 1 per cent of Minimum Lending Rate. All the recent tax changes credit alterations have not, however, removed the necessity companies to examine what they should buy or lease when building up their fleet. This question requires in-depth investigation. In most cases more efficient from a tax point of view to lease cars rather than purchase. This option removes the need for management to spend a lot of time in fleet management, the decisions are basically taken out of their hands.

Roy Levi

Scale

The first will apply to the vast majority of employees and applies in general cases. The amount deducted off tax allowances as a benefit in kind can be determined from a fixed scale. For instance, an amount of £225 is taxed on a 14 litre four-door family saloon (say a Cortina). But there are two exceptions where the scale is not used. The "insubstantial user" (that is, where less than 10 per cent of all travel in the car is for business purposes) will be taxed on 20 per cent of the

Private buyers

AFTER HOUSE purchase, buying a motor car is probably the most important and most expensive exercise that a family undertakes. But having said this it is noticeable that there is a somewhat naive attitude on the part of the consumer when it comes to the actual raising of the cash for the purchase. Few buying a motor car actually shop around for the best and most favourable form of finance and more often than not they opt for the most readily available regardless of the eventual cost. But this is the age of consumer protection and the Consumer Credit Act contains many proposals in the Crowther Committee report. The Act was designed to give consumers the greater protection when borrowing money while at the same time it also makes sure that what schemes are available in the market. Under the Act credit reference companies must be licensed and there are important developments on this for the consumer. From May of this year the consumers will be entitled to see just what the credit reference company has about them on their files. Equally the consumer has the right to point out any error of fact on the file and this would need to be corrected by the agency. This is a very important step in consumer protection for the bulk of H.P. and credit finance companies use these registers for a reference service. It could be that the consumer is refused a loan on the results of one of these searches on the basis of incorrect facts and under the old system he would have remained in the dark. Another useful step is that credit companies will have to disclose just what it costs to borrow. Under the truth in lending proposals, which could be enforced within a year, advertisements for credit and loans will have to show a real rate as well as a flat rate of interest. Of course many of the larger concerns already give these figures but it is very easy for the credit or HP companies to disguise just what the consumer is paying. Initial costs and other charges could be omitted and these of course would make the eventual payment more than disclosed.

Bigger

The real rate of interest is calculated on the outstanding balance. So if the original loan was for £1,500 and after six months some £350 had been paid off then the real rate is based on the £1,150 outstanding. Under the terms of the agreement, on the basis of a 15 per cent flat rate, the monthly interest charge would be about £19 throughout the life of the loan. Just a quick calculation and it is clear that £19 on £1,150 is more than 15 per cent per annum and the figure gets bigger as more capital is repaid. Over the full life of the loan a real rate generally works out almost twice the flat rate. When the real rate is disclosed along with the flat rate it will naturally give the consumer a clearer guide as to just what the credit is costing. Moreover, it will make it that much easier to make comparisons between the other forms of finance that are available. These would cover anything from bank or personal loans (secured or otherwise) to hire purchase and leasing.

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VEHICLE FINANCE AND LEASING V

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How client companies can benefit

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BENEFITS OF LOWER CASH FLOW FROM LEASING

Table with 11 columns: Comparative Cash flow for, 1st Quarter, 2nd Quarter, 3rd Quarter, 4th Quarter, 5th Quarter, 6th Quarter, 7th Quarter, 8th Quarter, 9th Quarter, Subsequent Period, Totals. Rows include Outright purchase, Leasing, Net difference, Net return at 1% per month from investing net difference, Tax relief on net return, and Net benefit.

The table above shows how companies can utilise the "net difference" in cash flow for investing in their primary area of operation. The benefit from choosing to lease can be quantified by applying the difference between (a) the company's investment rate (in this example 15% per month), and (b) the company's borrowing cost (in this example 10% per month), and the "net difference" in cash flows. The net benefit of choosing leasing rather than outright purchase for a company requiring a net return of 10% per month (15%-10%) would be as above. Source: Lombard North Central material.



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Keith Lewis

OPERATING A FLEET of motor vehicles is a drain on cash and management. That is fact and no one denies it. The advantages are that the large capital sums now required to replace ageing fleets are no longer necessary, and that costs, particularly where maintenance is written into the contract, are constant and predictable. That of course does not mean to say that it is necessarily cheap—probably the opposite. But it does release cash for other uses: it helps reduce management time spent on running a fleet with all the business of seeking finance, buying and selling cars and facing nasty repair bills; and it is tax efficient. Depending on where the company seeks its advice, it is possible to pass the entire management of a fleet over to a specialist outsider and therefore also save on wages of petrol and oil, of service bills and replacement parts. The permutations of the various facilities available are almost endless. It is possible to buy and sell your own fleet with your favourite local dealer and still have a contract hire or leasing arrangement with one of the finance houses. Alternatively, you can leave all the negotiating of discounts and second-hand car prices to the

contract hire or leasing company. In terms of maintenance, agreements can range from the provision of merely routine servicing up to full mechanical repair and breakdown service with replacement vehicle provided. But probably it is the financial arguments that are the most potent. When looking at cash flow, for example, it is easy to see that a car bought on overdraft is a large slice of capital from the date of purchase right up until when it is sold and the residual value goes back into the business. If it is the company's own cash that is used for the purchase, then it is money that could otherwise be earning interest on deposit or could be earning elsewhere in the business.

Comparison

With hire purchase, a deposit has to be found and the capital sum plus interest is paid over the period. Leasing, at least in the pattern of payment, is not dissimilar but the lessee has to find the first 10 months payments. There need be no further payments until that period has elapsed and then payments resume for the period of the lease. A simple comparison shows that, in cash flow terms but disregarding any other considerations, the leasing proposition is the more attractive. Leasing has some other advantages. For a start, the capital cost of a leased fleet is an "off balance sheet" item and therefore a company switching from an owned fleet can expect its gearing ratios to improve significantly. The rental payments, meanwhile, may be set against the company's taxable profits. But a more recent development, and one which has prompted a considerable amount of controversy in the industry, has been the different use of capital allowances. In the past, a company could write off 100 per cent. of the cost of the vehicles but only on the basis of 25 per cent. per annum and up to a maximum of £1,250 per annum per car. Taking a car costing £2,000 it was possible to offset £500 against taxable profits in the first year. In the second year, the 25 per cent. applied to the remaining £1,500—that is £375—and so on, until the allowances were used up. However, what is happening now is that some leasing companies have begun to claim 100 per cent. of the capital allowances in the first year against their own taxable profits and to pass the benefit on to the lessee in the form of reduced rental payments. This has particular attractions because even since the introduction of the stock appreciation allowances, the corporation tax liability of many companies has dropped and by doing so, has left them with little profits against which

to offset the cost of the fleet. This way, the lessee still receives some (if not all) of the benefit of capital allowances and can, at the same time, put 100 per cent. of the rental payments against taxable revenue. This particular practice is currently subject of a great deal of heated debate in the industry over whether or not it is legal. Clarification has been sought from the authorities from a number of parties and the answer is expected in the not too distant future. But in the meantime an awful lot of business is being written on the assumption that it is perfectly legal.

However, the move towards non-ownership of fleets has brought about a change in all parts of the motor trade—for the motor-car manufacturer and the distributor, as well as the finance houses and fleet operators. The garage that cannot offer leasing facilities, either directly or indirectly, is likely to lose valuable customers who, through force of circumstances, decide that it is no longer wise to buy motor-cars outright.

Advertisement for Scammell Trailers Limited, featuring images of various trailer models and contact information for Nottingham and London offices.

Advertisement for Scammell Trailers Limited, highlighting their range of semi-trailers, platform skeletons, and trailer parts.

Advertisement titled 'Puzzled about what to do when replacing your vehicle?' listing benefits like 'IMPROVED CASH FLOW', 'COMPETITIVE PRICES', and 'FLEXIBLE CHOICE OF CONTRACTS'.

Advertisement for Ryland Fleet Hire Ltd, providing contact details for their Manchester office.

Advertisement for West London Leasing Specialists, offering tailored contracts for various vehicles and fleet management services.

Private

Continued from previous page. Without a doubt the HP agreement remains the most common form of finance in motor car purchases not because it is the most favourable but because it is more readily available and can be obtained with the minimum of fuss. Most of the motor distributors have their own HP companies or direct links with one of the majors. This enables them to make a fast sale and since the consumer naturally wants his new car as soon as possible he is quick to accept without really considering just what it is going to cost in the long run.

The HP agreement is governed by certain restrictions that are changed by the Government from time to time. At the moment there is a minimum deposit of one third of the value of the car and a maximum repayment period of two years. But because of the effects of inflation on the price of cars, both new and second-hand, there are moves afoot in the industry to get the repayment period extended to three years.

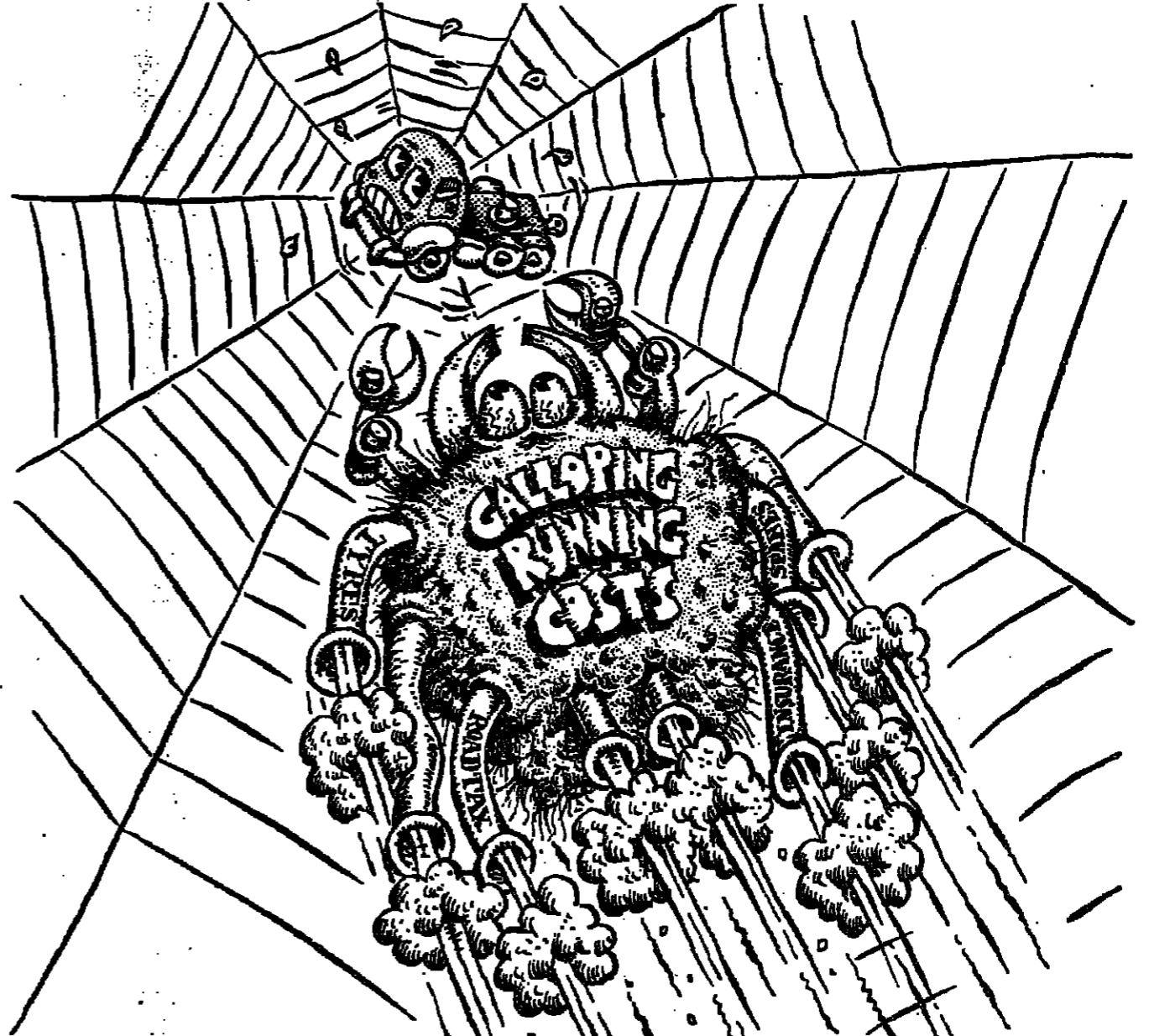
Occasionally there are special offers by the motor distributors but these are not as attractive as at first they may seem. For example, there could be an agreement with no interest charged but in this case the deposit would be higher, about 40 per cent., and anyway the offer would only be applicable to a select range of vehicles. Couple that with a poor trade-in value for your old car and the deal proves nothing more than a gimmick.

By far the best method of financing is through the bank but of course the stipulations are that more severe. If some form of security can be given, like shares or property, then an overdraft could be used and here the rate of interest would be about 4 to 5 per cent. over the base rate and this is charged on the outstanding balance only. At the moment the base rate is 9 1/2 per cent. so the actual figure is around 13 1/2 to 14 1/2 per cent. against nearer 80 per cent. for an HP agreement.

Running costs strike hardest when it's standing still.

A stationary truck gathers more than dust! Think of running costs as the true cost of running a fleet and some scary things crawl to the surface. Now put those overheads against a truck that isn't earning its keep and the true horror emerges. A straight accountancy comparison may show short term that ownership is better than Contract Hire. But it doesn't begin to untangle the complex web of hidden costs that grows around transportation. Like the admin. and clerical time

spent on licensing, insurance and keeping up with proliferating EEC and DTP regulations. Then this is followed by a rash of modifications to vehicle, procedures and paper work, that sets off another round of overheads. So load your problems on to Avis. Give Avis Trucks credit for knowing their business as thoroughly as you know yours. If Contract Hire didn't make sense we wouldn't be in the business.



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David Wright

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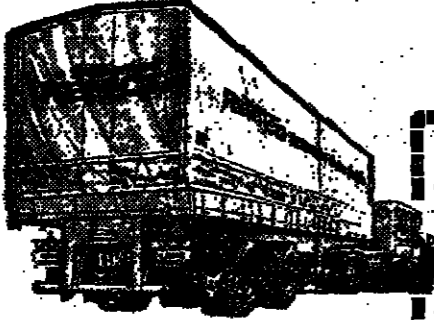
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VEHICLE FINANCE AND LEASING VI

Increasing business in the truck sector

THE BUSINESS of leasing trucks is currently believed to be on the edge of a major phase of expansion. Interest in leasing motor cars and light commercial vehicles has spilled over into the heavy vehicle sector, and manufacturers and finance companies alike are gearing themselves up for heavy business to come.

The first point to note in the truck leasing field is that it does not come under the Control of Hiring Order. This means that you can refund to the lessee a percentage of the proceeds of the sale of a vehicle at the end of the lease term.

Road transport operators over the past few years have suffered a heavy dent in operating profits, and simultaneously the cost of new vehicles has risen sharply. A 32-ton truck costs in the region of £20,000.

Lump all these points together, and you arrive at the reason for the growing interest in leasing over the past year or two, and the forecasts for strong leasing growth in the future.

In contrast to the two- or three-year terms for light commercial vehicles and motor cars,



A convoy of Volvo heavy trucks crossing the French border on the last leg of a journey from Stockholm, Sweden, to Dijon, France.

leases to the pure finance discussed above.

It is possible to negotiate discount terms with a dealer where savings can be made on a large fleet. (A region of 1,000 trucks, for instance) and then put the bill in the hands of a finance company.

The reputable transport operator with good rating, conventional needs and a clear-cut in his transport requirements the next three to five years, find lease rentals competitive with medium-term finance.

For dealers offering hire facilities, taking a view of the residual value of the fleet, while providing maintenance and service, has been very profitable. The second-hand price of trucks has been extremely high.

The motor manufacturers are beginning to educate their sales outlets and major dealers in the leasing facility for trucks, and the variety of deals available is legion, ranging from hire purchase through operating

heavy vehicles can carry lease financing terms varying from three to five years, depending on the truck size, and very large trucks sometimes warrant a seven-year leasing term.

A tax-based lease permits the first year investment allowances to be passed on to the lessee in the form of cheaper rentals, but the lessee is never allowed to own the asset at the end of the term.

The finance companies will invariably leave the details of residuals and so on to the dealer and the customer, so long as their ownership is not infringed.

What is certain is that the operator as the lessee knows exactly what his commitment will be during the term, and he will not be resorting to the unsatisfactory practice of funding his medium-term purchase with short-term money, that is using his overdraft facility with the bank.

The large truck business is a specialist business, and the finance houses are wary of the

large risks involved, particularly in the transcontinental runs. They are aware that a specialised truck will not be readily saleable if custom-built for a lessee.

Therefore, there is to do business with large dealers, and to look for front-end advance rentals to reduce the risks speedily — a deposit of 10 per cent to 15 per cent is the norm, and there is no holiday period at the beginning of the term.

The motor manufacturers are beginning to educate their sales outlets and major dealers in the leasing facility for trucks, and the variety of deals available is legion, ranging from hire purchase through operating

Robert Haw... Editor, Leasing...

West of Scotland Tradeston Trucks Ltd., 41 Kingston Street, Glasgow G5 9... HIRE DIVISION FOR DODGE TRUCKS

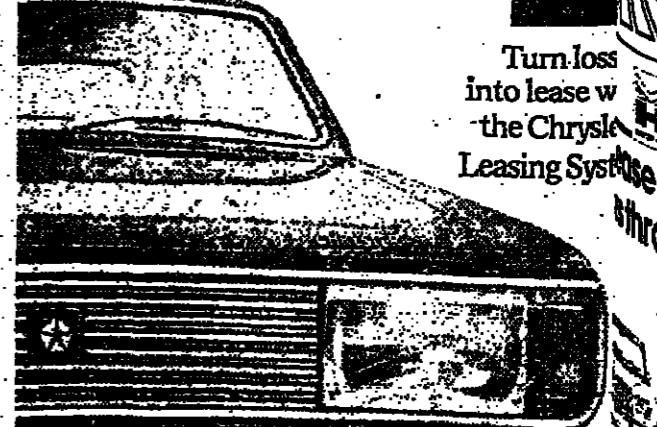
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The foreign invasion

THE OPPORTUNITIES for vehicle finance and leasing companies to expand in the U.K. as a result of the economic climate and the pressures that have been brought to bear on such items as cash flow and working capital have not escaped the attention of foreign competition.

Freedom

The enlightened Americans are far more used to paying for, and appreciating, "services." Most vehicle leasing arrangements, therefore, are not sold purely on the basis of the financial advantages—though naturally these are potent arguments—but on the advantages of the service provided and the freedom that this gives to executives who might otherwise find their entire time taken up with the handling of a fleet of motor-cars or trucks.



Trailer salesmen are paid to take a somewhat blinkered view.

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VEHICLE FINANCE AND LEASING VI
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### VEHICLE FINANCE AND LEASING VII

# Strong links with finance houses

Vehicle leasing is an intricate business and one that is peculiarly suited to the finance houses which in recent years have been vying with quiet determination on their leasing strengths with quiet determination.

In fact most of the companies in the leasing industry currently stem from pressures within the financial sector of the financial industry. With their strong leasing connections the finance houses have obvious "customer contact" advantages over those firms whose links with the motor trade are more conventional.

Most of the finance houses associated with leasing are associated with clearing banks. Ford's Trust is part of Midland Bank while Lloyds and Scottish Widening are associated with Lloyds Bank. Dismantling of Mercantile Credit Bank is in turn part of Barclays Bank. The National Westminster controls the fast growing Lombard North Central, the company that claims to be the largest one-to-one passenger car leasing at the moment. Britain's largest finance house, United Leasing Trust, might not have a clearing bank parentage but it does have some very strong insurance links through its major shareholders—the Prudential Assurance and Eagle Assurance Companies.

The leasing operations at Lombard North Central are based on the "all in" service to customers which is where its basic strengths lie. Leasing has some clear-cut financial advantages, but it is the "we take care of everything" approach that tends finally to win the customer over. The obvious comparison here is with television rental.

The starting point in any discussion of leasing is plainly costs. Leasing is really just another form of hire, albeit more sophisticated and undertaken for longer periods than in the case with most hire agreements.



Vauxhall Rentals light van

But the financial impact is the same. With leasing the need for a capital outlay—such as would be incurred through outright purchase—is eliminated. This effectively provides the leasing customer with an additional line of credit, and it allows him to keep off his balance sheet leased capital items—in this case cars or commercial vehicles.

Leasing rentals are charged directly to cash flow from profits so the fleet user is not so dependent on the availability of capital for replacing or adding vehicles to his fleet. At the same

time the off-balance sheet financing element is clearly a significant attraction to any potential customer who may already have high borrowings. The Wheelcase maintenance has found this point especially significant to companies attaching importance to balance sheet ratios like returns on capital employed.

Thus in some ways leasing can be seen as a credit facility allowing fleet users to replace or acquire additional vehicles without an embarrassing interview with their bank manager. Interest rates may have fallen sharply in the past six months, but the cost of new money can still be prohibitive.

It is clear then that leasing lends itself to a more accurate cash flow planning since its cost elements are fixed once the leasing contract has been drawn up. Borrowing rates can vary, and loan limits can be reduced or even withdrawn (with disastrous consequences). By comparison with outright purchase using a bank overdraft or similar facility, leasing provides a known fixed cost for the period of the lease.

Of course, the net cost of outright purchase of passenger cars or commercial vehicles is lower than leasing costs once adjusted for the residual (or second-hand) value. And as a result many potential leasing customers decide against leasing on this one point. But Wheelcase claim that when compared to either hire purchase or outright purchase its system can provide a useful improvement in terms of company cash flow. They claim that it is possible to demonstrate that this cash flow advantage can be maintained right through successive vehicle replacement cycles.

Because of the "all in" aspect of leasing the customer is provided with modern presentable vehicles at all times. A glance at a typical leasing maintenance agreement will show that these are generally prepared to cater for any special requirement of an individual user.

## What drives a man to the top?

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And last but not least, the incredibly practical, economical, indomitable Viva. Like the Chevette, it's in the under-1300cc class, so company car users will enjoy minimum tax liability.

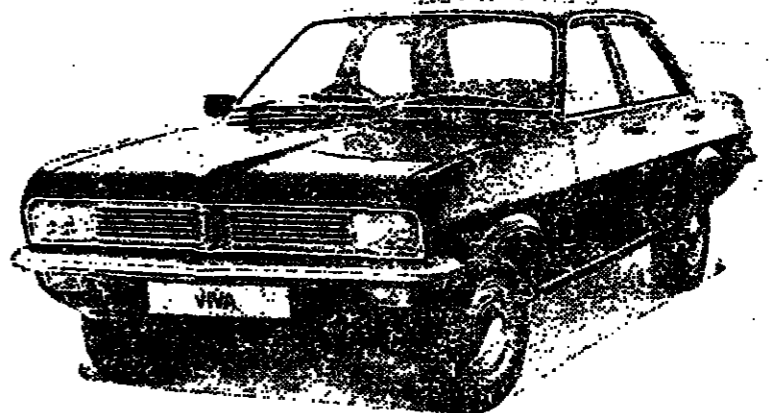
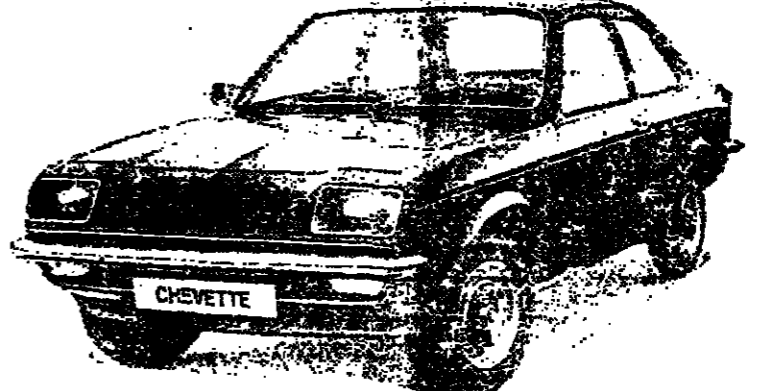
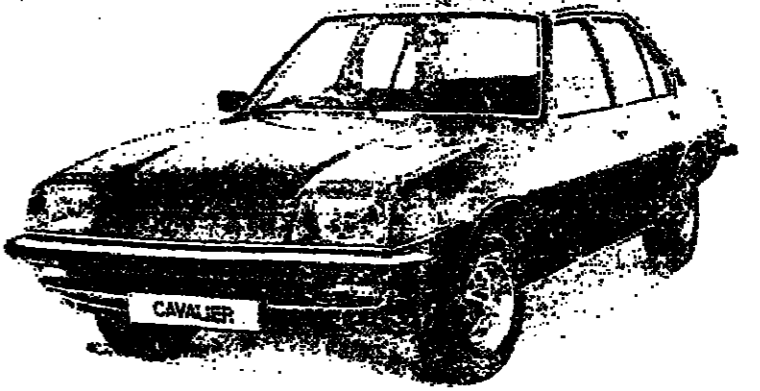
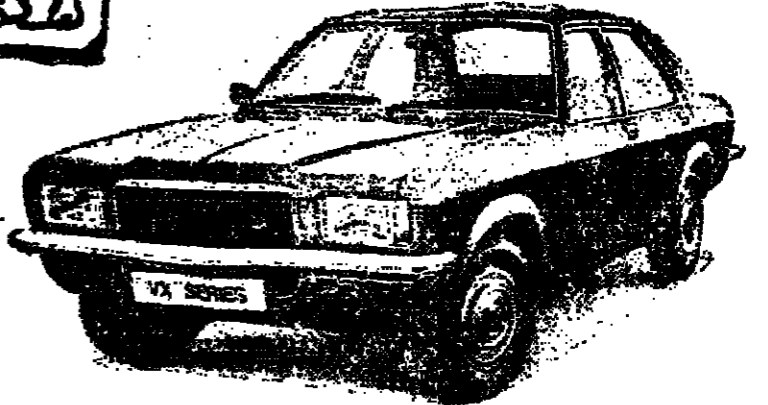
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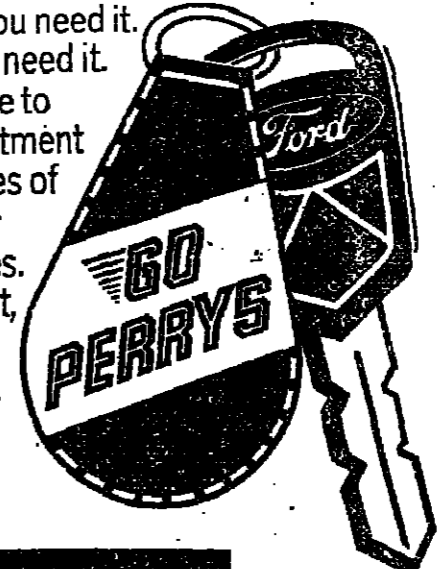


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## Foreign

CONTINUED FROM PREVIOUS PAGE

he has a large fleet, knows what he wants already — and Geico then buys the car. Rental payments are based on cost of the vehicle less the discount, the interest on the cash involve and a fee. Payments can be spread up to fifty months and there is no penalty for early termination after twelve months. The residual value of the car goes to the client through the well-known third party route.

Maintenance is not written into the contract. Instead, customers can be billed for servicing on a monthly basis and the costs are monitored carefully to ensure that costs are kept to a minimum.

This PHH is broadly similar except that probably the involvement is even greater. For example, a complete appraisal of the client company's fleet operation is made and the flaws are shown up and rectified. Advice is given—and even a choice is given—of the cars that PHH considers suitable in the circumstances. Servicing costs are closely monitored and the whole cost of operating the fleet are shown to the client, car by car.

The actual cost of the finance lease is arrived at through a similar method; that is cost + fee + finance charges. One important variation is that the actual cost of money element in the equation varies throughout the term of the lease according to the fluctuations in interest rates. The rental terms remain fixed but at the end of the period the customer is reimbursed if interest rates have

fallen: If they have risen, he has to pay the balance. Residual values of motor cars are also passed on to the client through the use of the third party which, in this case, is a subsidiary set up jointly by the client and PHH and through which all benefits are channelled. The company thus formed, then pays a "dividend" to its "shareholders."

PHH proclaims no particular loyalty with any one manufacturer, nor with any one financial institution or distributor. It operates instead through dealerships dotted around the country. As a company, it is quick to point out that it is not a financial operation but a management services company that has extensive knowledge of the motor industry. Like Geico, PHH has not always been able to pick up customers through subsidiaries of American companies which are looked after by PHH Incorporated.

It is perhaps interesting to note that both of these companies have chosen the U.K. to start what promises to be a push into the more lucrative markets in Europe, such as Germany. Possibly, the U.K. is especially ripe for these operations because of the financial problems which beset our corporate sector. But it also has a lot to do with the language and, more significantly, the relative sophistication of our financial markets. Either way, more competition in the U.K. can only be good for the customer.

K.L.

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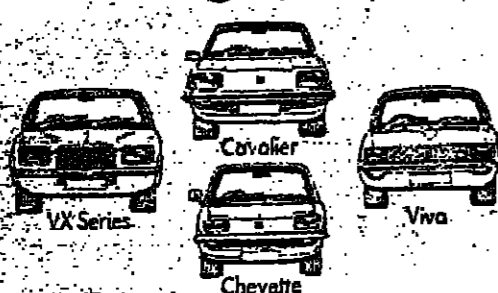
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# Pakistan in the balance

BY DAVID HOUSEGO, ASIA CORRESPONDENT

سدا صا الصل



Asghar Khan

Mr. Bhutto

PAKISTAN—Prime assembly—was little more than a confidence trick and a vote-buying exercise. The scale of the rigging and the number of constituencies affected have largely been hidden from the public. Instead of being a state-controlled radio and television station, the PNA has been a state-controlled radio and television station. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly.

claims over 20,000—and virtually all the entire upper rungs of the hierarchy of the PNA. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly.

demands that the opposition must renounce violence and agree to take up a general election. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly. The rigging was so extensive that the PNA was able to win a majority in the National Assembly.

Government circles there is increasingly apprehensive talk about the loyalty of the PNA's peripatetic strategy is to force army intervention that will remove Mr. Bhutto from power. After that the PNA is counting on the unpopularity of martial law in the past and the pressure of democracy in the neighbouring India to ensure that army rule remains brief. But it wants it to last long enough for temper to cool and elections to be held.

## Legitimacy

The net result has been to rob Mr. Bhutto of that important political legitimacy. No longer can he claim to be the popularly elected national leader. Even his supporters now doubt what they hear on radio or television or read in the newspapers. As Mr. Bhutto's credibility has been destroyed, the opposition Pakistan National Alliance (PNA) has grown in stature. Even before the election it was a powerful political force. But it was possible to dismiss it as a sterile coalition of religious factions and regionally based parties with little popular standing and only held together by hatred of Mr. Bhutto. Now it is successfully fostering the illusion that it is a vehicle for enlightened protest and represents a credible alternative government. Mr. Bhutto's own actions have helped to create this misleading image. By locking up several thousand PNA workers in the National

## 'Rigged'

Mr. Bhutto has locked up the opposition because, he says, it is trying to force a change of Government by unconstitutional means while refusing his offer of a local investigation into acts of fraud during the election. The PNA says that since the whole election was rigged, Mr. Bhutto's Government is itself unconstitutional. The PNA wants Mr. Bhutto's resignation and fresh elections. Mr. Bhutto is prepared to concede almost anything but that.

The logical conclusion of this policy is a one-party state. It is also a one-party state increasingly dependent on the army as was shown by clashes in Lahore during the weekend. Mr. Bhutto's only means of hope are either that the opposition will run out of steam as people grow tired of disruption or that the moderates will draw back from the politics of street violence in the belief that negotiation with a civilian government under Mr. Bhutto is preferable to a return to martial law.

which lies in the Frontier and Baluchistan through the well-established network of armed NAP supporters. Leaders of these provinces (Bhopal, Sindh, Punjab) are waiting to be hit. In the Punjab the PNA is probing Mr. Bhutto's strength, testing the loyalty of the police and army, gradually raising the level of violence and encouraging acts of civil disobedience such as the refusal to pay taxes. Women and lawyers have been drawn into the campaign in large numbers. Students and organised labour—the two groups most responsible for the rigging—have yet to show their strength collectively.

## Letters to the Editor

### Monetary policy and trade

From The Chairman, Wharfedale River Angling Club.  
Sir—Your issue of April 7 contained three references to the level of Sterling. There was first a report of a paper from the National Development Council supposing that exchange rates had only a limited impact on export competitiveness. In the same issue the opposite view was strongly upheld by Mr. John Alenby, chief managing director of Lancashire and Finlay. Mr. Alenby's article appeared to plead both for Sterling to be allowed to depreciate and, in possible contradiction, for an end to exchange control. As chairman of a company which sells 50 per cent of its output abroad, I would like to add my support to Mr. Alenby. I do not believe that any one with practical experience of running an export business can doubt that Mr. Alenby is right and the views of the National Economic Development Council are wrong. Mr. Britton is, I think, in error in supposing that the ability of companies to increase wages is determined by profits. Wages are determined by monetary policy. The ability of companies to pay higher wages is determined by monetary policy. I had thought that Mr. Britton himself in his article on monetary policy determined costs it is also the main determinant of exchange rates. Government attempts to interfere with exchange rates have a negligible impact on the long run rate though they have a significant impact on profit margins. Good profit margins lead to high exports; it is thus not surprising that those countries such as Germany and Japan which have consistently sought to prevent their currencies appreciating should have had outstanding export performance.

### Green for go

From Mr. A. Scott.  
Sir—We read endless speculation as to what the KLM might do with Tenerife may or may not have heard, but I think I should point out the fact that while people can whistle and shout as much as they like at a train to make it depart it will not do so until the driver gives the signal. Why cannot this system be applied to the railway? I think it is a very good idea. I think it is a very good idea. I think it is a very good idea.

### Inter-union hostility

From The General Secretary, Shipbuilding and Allied Industries Management Association.  
Sir—You reported (April 12) that the Confederation of Shipbuilding and Engineering Unions proposes to intensify its campaign against non-affiliated unions in the shipbuilding and aerospace industries. You also reported a statement by the Confederation's president to the effect that "invasion" of non-affiliated unions in the shipyards would not be tolerated. There has not been any "invasion" of non-affiliated unions in the shipyards. The Association's membership consists of middle managers employed in shipbuilding and related industries, the vast majority of whom had not previously been members of a trade union.

### Road test reality

From Mr. A. Doncaster.  
Sir—I do not really believe that the Consumers Association really wants Government MOT standards (April 7) unless it is in favour of a Parkinsonian increase in public employees. Perhaps the day is closer than I thought—the day when each private citizen can have a civil servant to hold his hand while the CA suggested inspection on his wheel nuts is carried out. Come off it CA! The test should ensure that the car is roadworthy when properly maintained. It should not concern itself with transient problems. The fact that your windshield bottle ran out on the way to Government MOT centre may result in a failure. But are you respecting anyone would fit the bottle—and some would not charge for it? Alan A. Doncaster, Lincoln Road, Marm Road, Farnborough Kent.

### Company law up to date

From Mr. R. Instone.  
Sir—May I offer a few reflections on Mr. G. W. Gardner's letter (April 7) about Mr. Morgan's proposals for company law reform in Jersey? Company law is part statutory (both civil and criminal) and part common law. Most of the law governing relations between a company, its directors and its shareholders is not statutory but judge-made, and develops in line with changes in commercial practice. The real problem is how to keep the statutory sector up to date as well.

### Help we can do without

From Mr. D. Lee.  
Sir—Some time ago Mr. Healey has financially helped middle management that is if he does not. Weekly increased expenditure  
Smoke 20 cigarettes a day ..... 42p per week  
Have gas central heating ..... 32p per week  
Own a car and commute in it: each day in it: 45p per week  
Road licence ..... 18p per week  
Pay National Insurance ..... 58p per week  
£1.96 per week  
The income tax cuts can be discounted because they will not arrive in the pay packet until July by which time further increases in the cost of living will have eroded it. There is some help we can do without. D. Lee, 219, Newbold Road, Chesterfield

### To-day's Events

President Carter's anti-inflation plans announced, Washington.  
Mr. Gerald Kaufman, Minister of State, Industry, in U.S. for talks on possible aeronautical collaboration.  
Building Societies Association Council considers possibility of reduction in mortgage rates.  
Figures of building society receipts and loans for March due for publication to-day.  
Dr. David Owen, Foreign Secretary, due in Rhodesia this evening for talks with Mr. Ian Smith.  
Vienna aimed at finding new, unified accounting system with world's major oil companies.  
Nine men, including a Bank of England official, due to appear at Bow Street Court after remand on charges including forgery and fraud.  
COMPANY RESULTS  
Kwik Save Discount Group (half-year). Morgan Crucible (full year).  
COMPANY MEETINGS  
Kleeman Industries, 45, Knightsbridge Place, S.W. 12, 45, West Hampshire Water, Christchurch, Hants. 3.



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COMPANY NEWS + COMMENT

Smiths Inds. up 23% to £9.56m. at midterm

TURNOVER for the 26 weeks ended January 29, 1977, of Smiths Industries expanded by 26 per cent to £10.25m. and after lower interest charges of £409,000 compared with £744,000, pre-tax profits were 23 per cent higher at £9.56m. against £7.33m.

INDEX TO COMPANY HIGHLIGHTS table with columns for Company, Page, Col., Company, Page, Col.

remains a buoyant demand from institutions for prime fully leased developments, and further sales are being negotiated.

Setback at Myson in second half

INCLUDING capital profits of £233,199 compared with £273,496, profits of Myson Group dropped from £2.9m. to £1.9m. for 1976 after a marginal rise from £0.73m. to £0.75m. in the first half.

DIVIDENDS ANNOUNCED

Table of dividends announced with columns for Company, Current payment, Date of payment, Corro. of payment, Total for year, Total last year.

£0.43m. rise at Assoc. Biscuit to £10.17m.

ON SALES 28 per cent ahead at £73.5m., pre-tax profit of the Associated Biscuit Manufacturers for 1976 was £0.43m. ahead at £10.17m.

Lec £0.36m. growth to £1.77m.

AFTER AN INCREASE at half-time from £0.79m. to £0.92m., pre-tax profit of Lec Refrigeration for 1976 was £0.36m. ahead at £1.77m.

Ruberoid 71% lift to £0.74m.

PRE-TAX profits of Ruberoid rose 71 per cent to £36,648 for the 53 weeks ended January 2, 1977, against a depressed 5430,736 for 1976, on turnover slightly increased from £24,58m. to £28,18m.

ISSUE NEWS AND COMMENT

Lex raises £4 1/2m. b 1-for-4 rights

Lex Service Group is proposing to raise £4 1/2m. by way of a one-for-four rights issue at 42p per share. Lex also intends to increase its dividend by 16.67 per cent in the current year to 5.55p gross.

Bristol £5m. Pref. offer

The Bristol Waterworks Company is offering for sale by tender such an amount of 8p per cent Redeemable Preference Stock (RPS) as will raise £5m. The minimum issue price is £100 per share for a yield of 13.08 per cent.

Owen Owen improves in latter half

AFTER A first half loss of £290,000 compared with profits of £385,000, department store owners Owen Owen finished the 52 weeks to January 29, 1977 with pre-tax profits £629,000 lower at £2.3m.

Peak £3.4m. at Benford Machinery

Table showing turnover and profit data for Benford Machinery from 1975-76 to 1976-77.

With turnover up from £12.48m. to £15.35m. including a 30 per cent increase in exports to £3.82m., pre-tax profits of Benford Concrete Machinery expanded from £3.5m. to a record £3.4m. in 1976 after £1.53m. in 1975.

M. P. Kent first half decline

FOR THE six months to December 31, 1976, residential and commercial property developers, M. P. Kent reports turnover down from £4.89m. to £4.03m. and pre-tax profits behind from £502,000 to £403,000.

comment

Smiths Industries' interim pre-tax profits are 29 per cent ahead. A first-time £0.5m. contribution from last year's George MacLellan acquisition and a £0.3m. drop in the interest charge clearly helped.

comment

There was no indication at the half way stage that Myson was facing any trouble. Yet the 3.4 per cent profit gain then to 10.17m. Mr. P. Carr, the chairman, says that a decline in U.K. profits was compensated by a similar increase overseas.

RESULTS AND ACCOUNTS IN BRIEF

ANGLO AMERICAN CORPORATION—Current dividend for 1976, £2.00 (figure in pence). Republic of South Africa—Bismarck Amalgamated (Cable) Ltd. (ZAR) 1976 (ZAR) 1976: 258,752 (ZAR) 258,982; 258,982 (ZAR) 258,982.

INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN Floating Rate Notes due 1984

KINGDOM OF SWEDEN DM 250 000 000,— 6 1/2% Bearer Bonds of 1977/1984 Offering price: 100% %

Rent reviews? It's a question of reading between the lines. Richard Ellis Chartered Surveyors

Vertical text on the right edge of the page, including 'Canada exp top £15' and 'Exclusive interview with Crown Prince FAHD'.





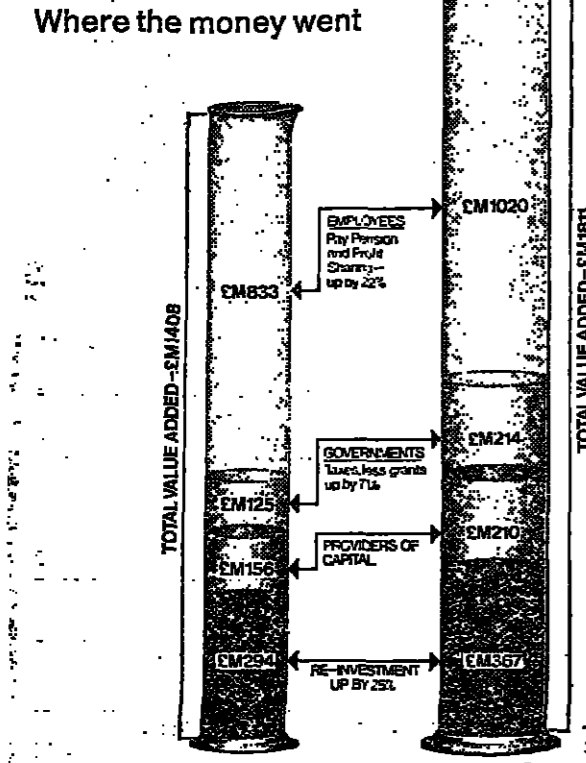
# EXPORTS THE KEY TO A RECORD YEAR

Addressing stockholders at the 50th Annual General Meeting of Imperial Chemical Industries Limited, held in London on Thursday 14th April 1977, the Chairman, Sir Rowland Wright, said:



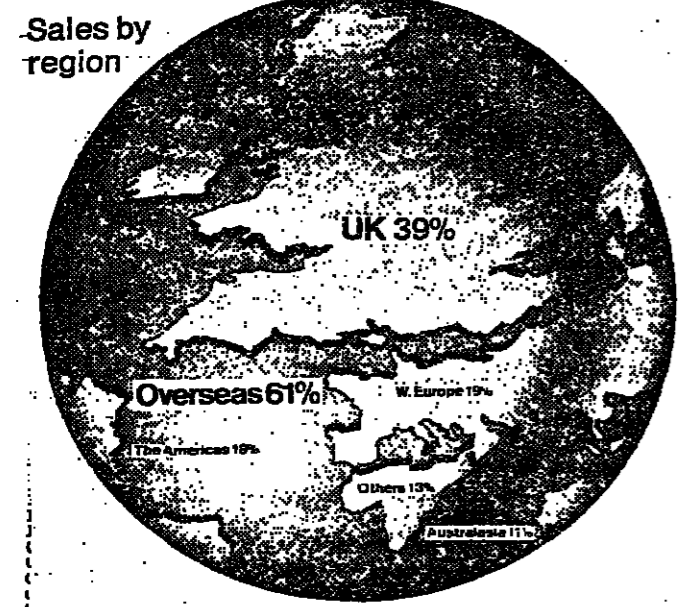
"At a time when the United Kingdom economy has been notably lacking in vigour, it is a pleasure to be able to report ICI's record profits, record exports and record investment programme in 1976, the Company's jubilee year."

Group profit before tax increased by nearly seventy per cent to £540 million. I shall come in a moment to the effect of inflation on that figure, but inflation notwithstanding it is impressive, and something of an achievement in a year when Britain was the weakest performer of all the industrially developed countries. United Kingdom industrial output rose by only 1% against 9% for the OECD countries as a whole. However, the United Kingdom chemical industry handsomely outperformed the rest of industry, and ICI did better still. Our United Kingdom chemicals output rose by almost 14% which meant that we kept up with the average output for chemicals achieved in the OECD overall.



### Export strength

It was the strength of our export business from the United Kingdom that enabled us to swim against the tide, giving us not only volume demand but also realisations unrestricted by the price control system to which we have been subjected for so long in the UK. The volume of exports increased by 21% and the value by over 40%; after allowing for our direct imports, we were able to make a positive contribution to the United Kingdom balance of payments of some £500 million. Business increased in every major market, but the really outstanding improvement was in Continental Western Europe. Our shipments there rose by 22% in volume, despite tough competition, and this was further confirmation that our past policy of steady investment on the mainland of Europe has the effect of generating more business for our United Kingdom Divisions. Our experience has been the same throughout the world - establishment of local manufacture stimulates, rather than diminishes, exports from the United Kingdom. Our exports to the United States, India, Africa and Australia, for example, increased substantially in 1976, at the same time as ICI manufacturing subsidiaries in these countries were increasing their turnover and profit.



For the Group as a whole, 1976 proved once again the value of the diversity in both products and markets that we have built up over the years. For example, sales and profits in Canada were affected by the slow growth of the economy, but we benefited from the strong economic recovery in the United States. Although the severe drought slowed the growth of fertilizer sales in the United Kingdom, it was a record year for fertilizers in India.

### Contribute to fibres management

There were good results from dyes and pigments, and petrochemicals and plastics recovered well from the depression of 1975. But we could not expect to be immune from the serious problems suffered by fibre manufacturers right across the world - the result of the slow-down of economic growth in Western Europe and the build-up of textile imports from the developing countries. ICI's losses have been proportionately lower than those of other major European fibre manufacturers, and I think this says a good deal for the management of our fibres operation. We are determined to drive it towards profitability, and are moving steadily along this road. Changes in the structure of

the business continue, and you will see that a large provision has been made in the Accounts to cover the costs of this restructuring. Plant which has become surplus and obsolete, because of changing technology and market needs, is being phased out, overhead costs are being heavily cut, and unfortunately the number of jobs has to be reduced. We are doing all we can to help those whose jobs are affected. I must emphasise that all these measures have already been the subject of very thorough consultation with our employees. It has been heartening to see how all of them have recognised the problems and are working together to achieve the changes. Our unswerving aim is to emerge with a viable fibres business, with its main strengths intact.

### Impact of inflation

I mentioned the impact of inflation on profits. Preliminary estimates, on a current cost accounting basis, show that our pre-tax profit of £540 million would be almost 50% less, and our return on assets would come down from nearly 20% to something like 6%. That was considerably higher than the return achieved in 1975 on the same basis, but I do not believe it is high enough if we are to continue to preserve our security by growth and expansion. Nevertheless, the profit retained in the business, together with depreciation set aside, enabled us to meet a good part of our cash requirements for the year. We needed £150 million for extra working capital, and £440 million for fixed assets, mainly for new plants. We put a very wide range of projects in hand, from a plant on Teesside to produce protein from North Sea gas, to a new pharmaceuticals research unit in the United States. Development of the Ninian oilfield project continued, with first production envisaged for 1978. We also acquired stakes in oil and gas exploration in Irish offshore waters, the Gulf of Mexico and the Baltimore Canyon off the north-east coast of the United States. Another important development in the USA was our decision to share in a petrochemicals project at Corpus Christi in Texas.

### 40,000 jobs from investment

We calculate that in the United Kingdom, where well over half the money was spent, our investment provides close on 40,000 jobs outside ICI in the design, equipment and construction industries, as well as jobs in the downstream industries that use our products. The presence of successful industry benefits local communities, too. I was struck by a recent study in north-west England, which showed that each of the 53,000 people working there for ICI and four other large organisations provided work for one other person among suppliers or in the retail trade.

All this illustrates an important point about profits and social responsibility. The latter is a subject that people talk about a good deal these days. Companies are expected to provide secure jobs, for example; to deal fairly with employees of all creeds and colours; to co-operate with local communities; to observe national laws and customs; and to ensure as far as possible that products are safe to manufacture and safe to use. I find such expectations totally realistic and acceptable - ICI has been doing its best to live up to them for fifty years. My complaint is that they do not go far enough. To fulfil its responsibilities to society, a company must aim to do all the things I have mentioned, but it must do more. It must earn adequate profits, because it is this above all that secures jobs, finances research and expansion, and provides the means for society to fulfil its aims. A successful, profitable business is therefore the primary need - the only springboard from which we can satisfactorily achieve all our social objectives.

We have announced for 1977 the largest capital programme in ICI's history. We expect to sanction projects costing over £700 million, and more than half of this will be for the United Kingdom, where there will be an increase of 40% in value, and 25% in terms of plant on the ground, over the 1976 sanctioning programme. Sanctions in Continental Western Europe and the Americas will continue to reflect the importance of these markets. In both of them we are making good progress, and in 1976 profits from sales in Continental Western Europe were better than profits from sales in the United Kingdom. But there is much to be done before we can claim a satisfactory share of the available business there.

### Pre-requisites for investment

A programme of this size is not undertaken lightly. We have to be assured, first of all, of the cash - and I am stating that simple fact because the relationship between profit and investment is often forgotten by those who cry out for investment. Our profits in 1976, together with our strong financial position at the end of the year, were important factors in these plans. Despite the very heavy outlay during 1976 in fixed capital, working capital and new investments, we finished the year with net liquid resources some £270 million higher than at the beginning - a firm base for our future capital programme. This was attributable mainly to the rights issue, of which the net proceeds were almost £200 million. Operations of this sort can only be launched at fairly long intervals; good timing is vital to their success, as is the ready participation of the Company's Shareholders. Cash is not the only requirement. We must also have the competence to ferret out or create new opportunities, to develop new products and processes, to foster new markets. For example, the protein plant on Teesside, which I mentioned earlier, will be taking us into a completely new kind of business, while the organisation we have set up specifically to sell products and services to the offshore oil industry has taken us into new market areas. We need, in addition, the freedom to act boldly and decisively, judging each project as it is put forward - whether it is a dyes plant in Scotland or a terephthalic acid plant on Teesside - by sound business criteria. One criterion is the political and social stability of the area of the world in question. Another, of course, is the return we can expect on the capital employed. This depends on many factors, from the efficient and constructive use of people's abilities, to the development of new process technology, and in this whole field of productivity we are determined to maintain our present progress.

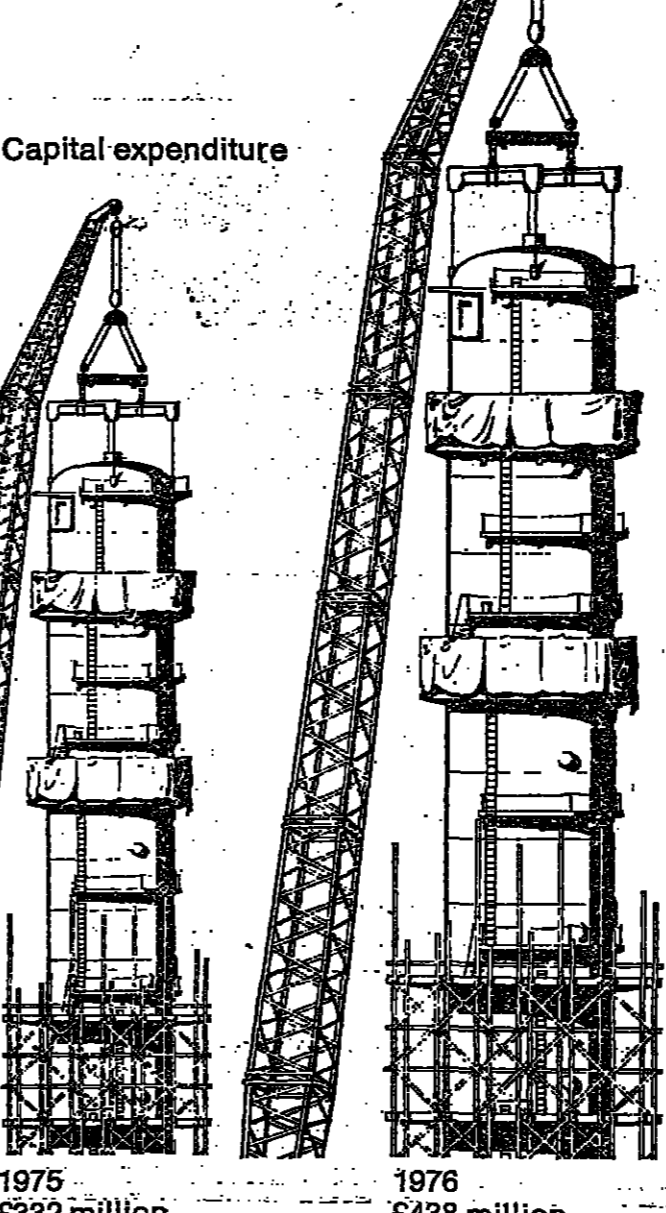
### Common purpose

But, above all, in building new plants and entering new markets, we need to be assured that there is a sense of common purpose among all who work for ICI; nothing can

do more to weight the scales in favour of success, and it is such an important subject that I should like to say a little more about it. Throughout our history, our personnel policies have been shaped round the belief that this sense of common purpose will only be achieved through an openness in communication with our employees, involving them, at all levels, in decisions which directly affect their working lives and enabling them to influence those decisions. In modern-day parlance, this has come to be known as participation. There has been a lot of discussion about participation in recent months. Let me assure you that right from the beginning, in ICI, we have developed our systems of involvement. As far back as 1929, the first Chairman of the Company, Lord Melchett, took steps to ensure that the Directors of ICI should meet employee representatives in face-to-face discussions. An early innovation was the establishment of a pension fund for weekly staff, with half its trustees appointed from among its members - as they are today. Another was the formation of a profit-sharing scheme. This is still very much a going concern after more than twenty years, and a working party of employees has recently made suggestions for improving it.

### Joint problem-solving

The system we operate today is built on such foundations. The emphasis throughout our organisation is on exploring every practicable means of formal consultation and involvement, which supplements the informal, day-to-day exchange of views and ideas and the joint problem-solving with which every manager is concerned as part of his job. The processes we use are constantly being developed to meet the changing times and the needs of the business, and they have helped to build up, gradually, an open and participative style of management. We have first-hand experience of systems of involvement in many different parts of the world. Let me tell you about the systems we operate in the United Kingdom - systems we have developed with the collaboration and support of our employees at every level.



In each of some seventy-five ICI works in the United Kingdom, there is a Works Committee made up of managers and shop stewards. They meet once a month to discuss the performance of the business, and future plans, particularly insofar as they affect people. Discussions can range from proposals to build new plants, and how they should be managed, to pensions and how to prepare people for retirement. From the Works Committee, representatives are elected to go forward to the Division Committee. This includes Division Directors and meets twice a year, under the Division Chairman, to discuss the more important issues which have arisen and those with broader implications. And from the same Works Committees, representatives are elected to meet once a year with me and my colleagues on the Board of ICI to deal with those matters which affect our overall business in the United Kingdom. A feature of both Division and Central Committees is the chairman's "state of the business" address; this is followed by a vigorous and often lengthy question-and-answer session, with no topics barred, in which representatives get, from the Directors, an account and explanation of the running of the Company.

### A system that works

We also have a number of sub-committees. The most significant development in recent years has been the formation of Business and Investment Committees, both at Division level, involving employee representatives and Division Directors, and now at central level, with a Deputy Chairman of the Company leading the discussions between employees and other Main Board Directors. In these smaller groups, even more intensive discussion of those decisions affecting the livelihood of employees takes place. Participation for monthly staff has grown in response to more recent requests, but the system which is developing is broadly the same.

Alongside this formal structure, we have parallel discussions between members of the Board and the National Officials of Trade Unions with collective bargaining rights for both weekly and monthly staff. There is, and always will be, scope to develop these systems further. They have never stood still in the past, and have been continually refined and developed to meet changing needs. But they work well because they have been able to grow in their own way, and for the future, also, they must be allowed to develop at a pace which will ensure they are practicable, acceptable to all, and effective. This is just what the controversial Bullock proposals, if implemented would not allow. I am sure that the Prime Minister was right when he suggested to the CBI that discussions about participation should, in the first instance, be about arrangements below board level. We, in ICI, will try to help in that process as much as we can, recognising that any such arrangement must have links to the directors of the company.

### Strong management team

The results we achieved in 1976 are a great credit to all who work in ICI throughout the world - those who make and sell our products, those who develop new products, those who design and build our plants, and many others. I would like to mention particularly the contribution from our managers. Their job in the United Kingdom has become increasingly difficult in recent years, as one national economic crisis follows another, and mounting Government intervention and legislation adds to the difficulty of doing what is expected of them as managers. It saddens me to see how, in recent years, comparisons of British industry with its overseas competitors have implied that British management is second-rate. This is just not true, and certainly, in ICI, I believe our management team is as good as any in the world, and the strength of this team has contributed greatly to our present healthy position. But there have to be changes in those aspects of present Government policy which prevent us from rewarding our managers in the United Kingdom adequately, and which impose penal tax burdens on them. Because of iniquitous taxation and high inflation, middle managers in this country today are at least eighteen per cent worse off than in 1966, and for senior managers the figure is nearer thirty-five per cent. This is particularly galling for people who have made such an outstanding contribution to the country's economy. I am glad that there are now signs that the Government is at long last recognising these harsh facts, by taking in the recent budget what can only be regarded as the first steps to reverse the trend of recent years.

### Prospects for 1977

We are now well into 1977 and you will want to know something about the prospects for the year. Results for the first quarter are not due to be announced for another six weeks, but I can tell you that the demand for our products so far this year has shown a slight improvement over the last quarter of 1976. Moreover, we see some signs of further recovery in the world economy during the year, led by the United States. Growth of activity in the United Kingdom appears likely to lag behind that elsewhere, but there is a reasonable prospect that our sales volume overseas, and to a lesser extent also in the United Kingdom, will move up in the second half of the year. But it must again be on the export market that our success and that of many of our important home customers will primarily depend. The maintenance of this export drive depends again on a successful next phase of the incomes policy, leading to a reduction in inflation.

### Resolution to increase capital

A resolution is set out under item 4(2) of the Notice convening this meeting. It seeks to increase the authorised capital of the Company by £75 million. As we explained on page 19 of the Annual Report, the object of the increase is to give us a reasonable working balance for whatever purposes may arise.

### People

I should like now to mention a few items concerning the Board. The first is the death some four months ago of Mr G. D. A. Klijistra, a non-Executive Director, which caused us great sorrow. We shall greatly miss his wise and forthright counsel. Last month we lost the services of Mr S. D. Lyon, who retired after 31 years' service with the Company - an appreciation of the part he has played in ICI's affairs appears in the annual report. Mr W. B. M. Duncan has been elected a Deputy Chairman in his place. Two new Directors have been appointed since our last Meeting. Mr T. N. Beckett, who is Chairman and Managing Director of Ford Motor Company Ltd, serves in a non-Executive capacity, and Dr P. G. Harvey, formerly Chairman of Mond Division, is an Executive Director. May I add that it gave us great pleasure to learn recently of the election of Dr Alfred Spinks, our Research Director, as a Fellow of the Royal Society. Finally, I know you will want to join me in thanking all who work in ICI for their efforts last year. For my part, this is so much more than a polite formality. The outstanding feature of the Company's history over fifty years has been the strength derived from the skill and dedication of people, and these qualities become more and more of greater value as the world of industry becomes more complex and competitive."

**1926** 50 years  
**1976** of ideas  
in action

لماذا من الألف





Stag Furniture 20% up to record £1.56m.

Stag Furniture reported a 20% increase in profits to a record £1.56m. The company, which is a subsidiary of the parent company, reported a 20% increase in profits to a record £1.56m.

Table with financial data for Stag Furniture, including revenue, profit, and assets.

Bowthorn increase is £1.49m

Bowthorn reported a 20% increase in profits to a record £1.49m. The company, which is a subsidiary of the parent company, reported a 20% increase in profits to a record £1.49m.

Linread back in profit

Linread has returned to profit after a period of losses. The company reported a profit of £1.15m for the first three months of 1977.

GRA chairman hits out

The Chairman of the General Register of Agriculture (GRA) has hit out at the government. He claims that the government's policies are detrimental to the agricultural sector.

BIDS AND DEALS

Summary of various takeover bids and deals, including Tremlett's takeover of a 2.5m stake.

Tremlett agrees £2.5m takeover

Tremlett has agreed a £2.5m takeover bid for a company. The takeover involves the acquisition of a 2.5m stake.

THE GROOVLEI PROPRIETARY MINES

Supplementary Statement by the Chairman of The Groovle Proprietary Mines Limited. The statement discusses the company's operations and financial performance.

MINING NEWS

RTZ doubles earnings and opens purse

RTZ has doubled its earnings and opened its purse. The company reported a 100% increase in earnings for the first three months of 1977.

Iscor finds coking coal

Iscor has found coking coal. The company discovered a large deposit of coking coal in the Republic of South Africa.

TIN COMPANIES MOVING OUT

Several tin companies are moving out of the region. This includes the withdrawal of British and Australian companies.

GROOVLEI

Details about Groovle Proprietary Mines, including its financial performance and operations.

MARDON SALE

Details of the Mardon sale, including the assets involved and the terms of the transaction.

ROSEHAUGH TEA

Details about Rosehaugh Tea, including the company's shares and ownership.

BEAVER SAYS ACCEPT

Beaver has accepted a recommendation. The company has agreed to the proposed terms.

SHARE STAKES

Details about share stakes, including the distribution of shares and the value of the stakes.

Greenwell forecasts more growth in sterling M3

Greenwell forecasts more growth in sterling M3. The economist predicts a strong recovery in the UK economy.

Swan Hunter moves HQ

Swan Hunter has moved its headquarters. The company is relocating to a new location.

Mining Briefs

Summary of mining news, including new discoveries and company activities.

NATIONAL CARBONISING

Details about National Carbonising, including the company's products and services.

LEGAL NOTICES

Legal notices including court judgments, company resolutions, and other legal matters.

APPOINTMENTS: SENIOR UNDERWRITING OPPORTUNITIES. C. £12,000 p.a. + substantial fringe benefits. Details about job opportunities in underwriting.

Financial Controller. Light Engineering up to £9000 plus car. For a public company with manufacturing divisions in the Midlands.

COMPANY NOTICES: AUSTIN REED GROUP LIMITED, N.V. ENGELSCHE WOLFRANSCHKE. Various company announcements.

FINANCIAL TIMES PetroMoney REPORT. The Financial Times is looking for an editor for its newsletter PetroMoney Report.

COMPANY NOTICES: NEW KLEINBERG PROPERTIES LIMITED, NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER.

WORKS: RIGGED PARTICULARS. Details about industrial equipment and services.

WE, THE LIMBLESS, LOOK TO YOU FOR HELP. We come from both worlds. We are from Kenya, Malaya, Aden, Cyprus, and from Ulster.

British Limbless Ex-Service Men's Association. Donations and information. Help BLESMA please. We need money desperately.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Volkswagen signals its return to health

By ADRIAN DICKS

BONN, April 14

VOLKSWAGEN, with a year of booming sales and an increased share of the West German domestic car market behind it, only a few months ago, detailed signals its return to financial health to-day when the Supervisory Board proposed a DM5 per share (10 per cent) dividend payment — the first since 1973.

Igesund prospect depressed

By William Dullforce

STOCKHOLM, April 14

IGESUND, the Swedish paper, board and timber concern with subsidiary interests in steel and chemicals, expects earnings this year to remain at a "clearly unsatisfactory" level as in 1976.

IAC losses and the Citicorp bid

By JAMES FORTH

SYDNEY, April 14

THE REASON for the U.S. bank Citicorp, deciding to make a full takeover bid for its ailing Australian finance company subsidiary, IAC (Holdings), became clear to-day at the finance company's annual meeting.

Prices higher in dollar sector

By MARY CAMPBELL

THE DOLLAR sectors of the Eurobond market were more active yesterday with prices strengthening again. There is reportedly good demand for the new issues, the \$150m. for five years for Norway was launched late yesterday evening and offers 7 1/2 per cent for five years while Bank of Tokyo's \$50m. issue offers 7 1/2 per cent for seven years.

TEXTILES

Rhone Poulenc now expects a loss

By ROBERT MAUTHNER

RHONE-POULENC, the French chemicals and textile giant, has announced a sharp rise in consolidated group sales of more than 21 per cent to Frs.21,770m. (about \$2,200m.) in 1976. But again, it has made a net loss last year, contrary to last year's cautiously optimistic forecasts by its chairman, M. Renaud Millet.

No dividend from Kanebo

By DAVID BUCHAN

KANEBO LTD., one of Japan's top textile spinning companies, will not pay a dividend this year for the first time since the war. The reason for non-payment is the deep recession in the cotton spinning sector which Kanebo and other major companies are now combating by means of a 25 per cent production cutback under an officially approved recession cartel.

Mitsui invests in U.S. notes

By DOUGLAS RAMSEY

TOKYO, April 14

MITSUI BANCING COMPANY has become the first Japanese bank to invest in U.S. Treasury Notes since the oil crisis, reliable sources in Tokyo confirmed to-day. The trading company bought the U.S. notes in recent days, converting yen into dollars to the 271 to 272 mark.

SWIFT commences next month

By DAVID BUCHAN

BRUSSELS, April 14

ON MAY 9 some 20 to 25 banks in France and Belgium will plug into the computerised system for international payments that the Society for Worldwide Interbank Financial Telecommunications (SWIFT) has been developing for the past four years.

Ford recommends stock split

By PAULINE CLARK

MICHIGAN, April 14

THE BOARD of Ford Motor recommended to shareholders that the stock be split on a five-to-four basis, reports AP. The company said the cash dividend to \$1 will in effect maintain the 80¢ quarterly dividend paid previously after giving effect to the recommended five-for-four stock split.

A FINANCIAL TIMES SURVEY

WORD PROCESSING

May 3, 1977

The Financial Times is preparing to publish a survey on word processing in its edition of May 3 1977. Its coverage will include the development of new equipment, increased marketing competition, the choice of systems available and future developments. The main headings of the proposed editorial synopsis are set out below.

DOMESTIC BONDS

Hectic trading in Holland

By PAULINE CLARK

THE DUTCH domestic bond market emerged as probably Europe's main centre of investment interest yesterday amid growing rumours of an interest rate cut on Friday.

BANQUE WORMS

Summary of Balance Sheet as at December 31st, 1976 from accounts to be submitted to the next Shareholders' Meeting, to be held on May 26th, 1977.

Table with columns: Assets, Liabilities, FF.000, FF.000. Rows include Due from banks, Advances to customers, Customers' acceptances, Other assets inc. accruals, sundry debtors, Investments, Fixed assets, Deposits, Liability for acceptances, Other liabilities inc. accruals sundry creditors, Long term debt, Capital, Reserves and retained surplus, Net profit for the year after taxation.

Head Office: 45, Boulevard Haussmann, 75009 Paris. U.K. Subsidiary: Worms (U.K.) Limited, 61, Queen Street, London EC4R 1AL.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, April 13. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources.

Table with columns: Country, Currency, Value of DLR, Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Algeria, Albania, Algeria, Argentina, Australia, Austria, etc.

For further information please contact your local branch of the Bank of America.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

سوق المال

Resignation of Signor Cefis

ROME, April 14

Essentially, Sig. Cefis, wanted to retain the basically private character of Montedison, although in fact the group is already effectively under control of the State...

Entering a decisive phase

BY PAUL BETTS, RECENTLY IN MILAN

THE BATTLE for control of one of Italy's largest and perhaps most controversial industrial concerns, the Montedison group, has now entered a decisive phase...



Eugenio Cefis

By 1971, when Sig. Cefis, the former chairman of the State hydrocarbon concern, ENI, was appointed chairman, Montedison was effectively controlled by a founding syndicate composed of the two State-controlled holding companies, ENI and IRI...

Hutchison dividend on profit upswing

HONG KONG, April 14

HUTCHISON INTERNATIONAL has exceeded its interim profit forecast for the year to end December 1976 by 10 per cent and is recommending payment of a dividend for the first time since 1974...

SELECTED EURODOLLAR BOND PRICES

Table with columns for bond types (Straight, Convertible), issuer names, and prices. Includes entries like 'Austria Austria 1977-1980' and 'Canada Canada 1977-1980'.

There had been widespread speculation in the last 48 hours here that Sig. Cefis might seek re-election on Monday. This was his unsuccessful bid after failing last year to secure the 600,000 shares...

Akzo profit hopes

AMSTERDAM, April 14

AKZO, the troubled Dutch-based chemical group, said in its annual report published here today that it expected to make a modest profit this year after serious losses in the previous two years...

Advertisement for European Coal and Steel Community 9 1/2% Bonds, Due April 1, 1977. Includes Kuhn Loeb & Co., The First Boston Corporation, Lazard Frères & Co., and other financial institutions.

Advertisement for Industrial and Mining Development Bank of Iran Floating Rate Notes Due 1984. Includes Merrill Lynch International Bank Limited, Algemeine Bank Nederland N.V., and other international banks.

Vertical text on the far left edge of the page, including 'ROSS', 'Toechst', 'Brussels', 'Times Survey', 'RD', 'SSING', '1977', 'Visual', 'Equipment', 'Further details', 'House', 'Telex', 'AL TIME', 'ESS NEWS'.







FARMING AND RAW MATERIALS

Colombian move lifts coffee

By Richard Mooney
LEWIS THAT Colombia had gain raised its coffee export...

Canada copper refinery strike

By JOHN EDWARDS, COMMODITIES EDITOR
A STRIKE by workers at now been stopped, when the night shift failed...

Eggs to be cheaper next week

By Our Commodities Staff
EGGS SHOULD be 4p a dozen cheaper in the shops next week...

Feed cost problems worsen

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
IN MY younger days the fluctuating fortunes of British farming...

Soviet timber offer delayed

THE IMPACT on the U.K. softwood market of recent devaluations in Sweden and Finland...

Lomé pact talks end on harmonious note

By OUR COMMODITIES STAFF
THE LOME Convention talks between representatives of the EEC and 52 African, Caribbean...

U.S. to oppose world grain reserve target

WASHINGTON April 14
C.A. FEYERHIMMEL, U.S. Trade Representative, officials seeking to promote the creation of a global grain...

Parana soyabean crop cut

By SUE BRANFORD
A CUT OF 500,000 tonnes in the soyabean crop in Parana was announced yesterday by the state Government...

Russian sugar estimate cut

SOVIET SUGAR production from the 1976 sugar beet harvest is now estimated at 7.5m. tonnes raw value...

Bleak outlook

For pigs and poultry, of which the price levels are determined by market demand and not by means of an effective Community price support...

Prices drop in London

By the close the June position in London had slipped by £16.8 to £198.9 a tonne.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS
COPPER - Gained ground in active trading on the London Metal Exchange...

SUGAR
LONDON DAILY PRICE (raw sugar)
Overnight reports of high priced sales...

PRICE CHANGES
Metals
Agriculture
Grains

U.S. Markets
Soybeans fall; coffee, copper rise

Why do clients prefer Prescott?
2. BETTER ADMINISTRATION
Immediate telephone reports and/or telex confirmation of all trades...

COFFEE
LONDON - Quiet on small turnover, reports heavy rain in Brazil...

Wool Futures
LONDON - Quiet on small turnover, reports heavy rain in Australia...

MEAT/VEGETABLES
SMITHFIELD (pence per pound)
Beef: Scotch mutton 52.0 to 54.0...

Prescot Commodities Ltd
6 Bloomsbury Square, London WC1A 2LP
YORKSHIRE
Up to 50,000 sq. ft. temperature controlled space available...

SOYABEAN MEAL
The market opened 215 down after heavy rain in Brazil...

Beef imports sought by Venezuela
By Our Own Correspondent
CARACAS, April 14.
THE VENEZUELAN Government has authorized its food importing bureau to purchase beef...

FINANCIAL TIMES
REUTERS
DOW JONES
MOODY'S

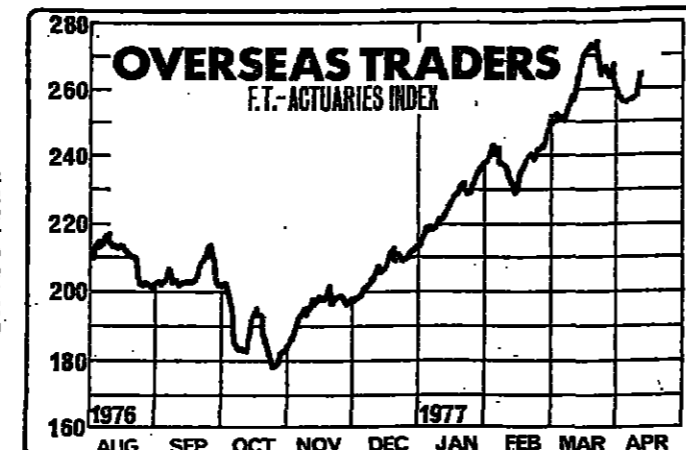
WAGONS - LITS
Messieurs les Actionnaires sont convoqués à l'Assemblée Générale Ordinaire à Bruxelles...

STOCK EXCHANGE REPORT

Firm close after late wobble on fears for pay curbs Index up 3.2 at 421.0 after 422.1—Short Gilts higher

Account Dealing Dates and the continuing indication that providing the market related formula was adhered to today's Treasury Bill tender would signal a Minimum Lending Rate of 9 per cent. as against the current 10 per cent. The domestic institutions were particularly active at the short end of the market which after showing some hesitancy in the early trading, moved convincingly higher to close with gains extending to 1/2; both activity and the upward momentum continued into the after-hours business. Mediums and longs were not quite so fortunate and lower equity quotations tempted a few weak holders out, but the losses which ranged to 1/2 in high coupon issues were erased just before official trading ceased. After-noon trading remained steady in line with the trend among the shorts. Mr. Gormley's views that the miners would reject any further rise in the price of coal, and the National Union of Bank Employees' would press for wage increases of 16 per cent. made little lasting impact on sentiment. Corporate news rarely moved with the exception of recently-issued stocks among which GIC 153 per cent, 1984, was up 1/2 to 191 in E10 solid form. Wall Street's early strength touched off aggressive late buying of investment currency and the premium, which had drifted lower to 120 1/2 per cent., moved up briskly to 124 per cent. closing a net two points higher at 123 1/2 per cent. Yesterday's SE conversion factor was 0.6820 (0.6841).

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Excellent preliminary figures from Matthews and Wrightson brought a rise of 10 to 235p, after 234p, and also imparted firmness to other brokers in the insurance sector. C. E. Heath, with figures expected early next month, jumped 17 to 387p, while Seaguard 232p. Improvements of 3 and 5 respectively were registered in Leslie and Godwin, 96p, and Mincel, 181p. Composites were again left much to be desired. Sun Alliance recorded a gain of 8 at 430p, and Royals improved 4 to 270p, while Guardian Royal Exchange rose 2 to 196p, after 197p. Etcete Star, the last composite major to report annual results, due next Wednesday, moved a penny better at 122p, after 123p.

After having improved to 581p in initial response to the dividend forecast which accompanied news of the £2m. rights issue proposal, Lex-Service met with light profit-taking and closed 5 cheaper on balance at 55p. Wilmo-Breeden, at 73 1/2p, gave up 1/2 of the previous day's gain of 4 which followed the preliminary figures. Other Motors and Distributors were often firmer where changed. Automotive Products hardened 3 to 74p on the improved earnings, while news of the increased profits and proposed scrip issue put Supra Group a penny firmer at 23p. Zenith Carburettor was raised 10 to 82p in a restricted market reflecting Press mention, while gains of 4 were seen in both Lucas Industries, 238p, and Adams and Gibson, 55p.

Oil shares enjoyed another firm session and were higher than most other sectors. British Petroleum featured with a rise of 24 to 550p, interest being stimulated to an extent by a report that President Carter was in favour of world market prices for Alaska oil. Shell met scattered demand and put on 6 to 502p, while Burrell edged forward a penny further to 57p. Lasso were good again at 80p, 49p, and Jardine Securities, 131p, put on 3 to 144p in sympathy with the rise of 5 to 128p. London Merchant Securities finished a speculative revival in Financials, closing 8 to 140p, after 138p, while active speculative trade which included call-option business.

Common Bess, remained the focal point in Shipping and rose 15 to 223p for a two-day gain of 34 in a restricted market. John 31p, on the chairman's forecast of an increased dividend this year. James Fisher rose 4 more to 130p but Hunting Gibson, at 179p, gave up 5 of the previous day's rise of 19. Similarly, Lytle, at 142p, lost 4 of Wednesday's rise of 5 which were marked up in Press mention. The leaders were quiet and little changed with the exception of British and Commonwealth, which moved up 4 to 288p for a two-day advance of 11.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Securities, Fixed Interest, Industrial Ordinary, etc., with columns for different dates and a year-to-date percentage change.

Table titled 'HIGHS AND LOWS' and 'S.E. ACTIVITY' showing price ranges and activity for various stock groups like Govt. Sec., Fixed Int., Ind. Ord., and Gold Mines.

Property shares traded firmly, but most of the interest and activity centred on secondary issues. Property Investment and Finance, a recent bid favourite, encountered revived support and put on 5 to 140p, after 135p, while 15 to 223p for a two-day gain of 34 in a restricted market. John 31p, on the chairman's forecast of an increased dividend this year. James Fisher rose 4 more to 130p but Hunting Gibson, at 179p, gave up 5 of the previous day's rise of 19. Similarly, Lytle, at 142p, lost 4 of Wednesday's rise of 5 which were marked up in Press mention. The leaders were quiet and little changed with the exception of British and Commonwealth, which moved up 4 to 288p for a two-day advance of 11.

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Table titled 'RECENT ISSUES' with sub-sections for 'EQUITIES' and 'FIXED INTEREST STOCKS'. It lists various stocks with their issue prices, dates, and other details.

Table titled 'FT—ACTUARIES SHARE INDICES' showing indices for various equity groups like CAPITAL GOODS, CONSUMER GOODS, and INDUSTRIAL GROUP, with columns for different dates and year-to-date changes.

Table titled 'RIGHTS OFFERS' listing various rights issues and offers with their issue prices, dates, and other details.

Advertisement for 'SPECIAL APRIL ISSUE' devoted to the MELLON FOUNDATION in America. It describes the issue's content, including articles on Georgian conversation pieces and British portraits, and provides contact information for the publishers.

Table titled 'ACTIVE STOCKS' listing various active stocks with their closing prices, changes, and other details.

Table titled 'OPTIONS TRADED' listing various options traded with their details.

Table titled 'NEW HIGHS AND LOWS FOR 1977' and 'RISES AND FALLS YESTERDAY' showing new highs and lows for various stocks and a summary of daily price movements.

Handwritten text at the bottom of the page: 'كتاب من الأطلال' (A book from the ruins).



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts and their performance metrics, including columns for fund names, managers, and dates.

Table listing offshore and overseas funds, including fund names, managers, and performance data.

Table listing insurance and bond products, including company names, product types, and terms.

FOOD PRICE MOVEMENTS

Table showing price movements for various food items like Bacon, Butter, Cheese, Eggs, Beef, Lamb, Mutton, and Poultry.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

Table listing various financial services, including unit trusts, insurance, and investment products.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond products, including company names and product details.

INSURANCE RATE TABLE: A detailed table showing insurance rates for various policies, including Life, Fire, and Marine insurance.

CORAL INDEX: Close 420-425

HEALY & BAKER SURVEYORS VALUERS AND ANCTIONEERS OF REAL ESTATE. 29 St. George Street, London W1A 3BG

FT SHARE INFORMATION SERVICE

INDUSTRIALS - Continued

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Div. Yield, and Price. Includes funds like Treasury 100, Treasury 200, etc.

Over Fifteen Years

Table showing performance of funds over 15+ years, including Treasury 100, Treasury 200, etc.

Undated

Table of undated funds including Treasury 100, Treasury 200, etc.

INTERNATIONAL BANK

Table for International Bank funds like World Bank, etc.

CORPORATION LOANS

Table of Corporation Loans including various corporate bonds.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans including international bonds.

LOANS (Miscellaneous)

Table of miscellaneous loans including various financial instruments.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails including international securities.

AMERICANS

Table of American stocks including various US equities.

CANADIANS

Table of Canadian stocks including various Canadian equities.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies including financial institutions.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits including beverage stocks.

BUILDING INDUSTRY - TIMBER AND ROADS

Table of Building Industry - Timber and Roads including construction stocks.

BUILDING INDUSTRY - Continued

Table of Building Industry - Continued including various construction firms.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics including chemical industry stocks.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV including entertainment stocks.

DRAPERY AND STORES

Table of Drapery and Stores including retail clothing stocks.

DRAPERY AND STORES - Continued

Table of Drapery and Stores - Continued including retail clothing firms.

DRAPERY AND STORES - Continued

Table of Drapery and Stores - Continued (top section).

ELECTRICAL AND RADIO

Table of Electrical and Radio companies including electronics stocks.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools including manufacturing stocks.

ENGINEERING, MACHINE TOOLS - Continued

Table of Engineering and Machine Tools - Continued including manufacturing firms.

ENGINEERING - Continued

Table of Engineering - Continued including various engineering firms.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. including food industry stocks.

HOTELS AND CATERERS

Table of Hotels and Caterers including hospitality stocks.

INDUSTRIALS - Continued

Main table of Industrial stocks including various large companies.

Conversion factor 0.6559 (0.6543)

Handwritten note: [Handwritten scribble]

July 1950

NOMURA The Nomura Securities Co., Ltd. NOMURA EUROPE N.V. LONDON OFFICE: Barth Street, London E.C.4. Phone: 01-252-2411, (253)

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and various engineering firms, with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of stocks in the motors and aircraft trades sector, including companies like Rover, Jaguar, and various aircraft manufacturers.

PROPERTY - Continued

Table of property-related stocks, including real estate investment trusts and companies like British Land and National Westminster.

TRUSTS - Continued

Table of various trusts, including investment trusts and pension funds, with columns for stock price and performance.

TRUSTS - Continued

Table of trusts, including investment trusts and pension funds, with columns for stock price and performance.

MINES - Continued

Table of mining stocks, including companies like Anglo American, De Beers, and various metal miners, with columns for stock price and performance.

INSURANCE

Table of insurance stocks, including companies like Prudential and various insurance providers.

SHIPPING

Table of shipping stocks, including companies like P&O and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather stocks, including companies like Clarks and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks, including companies like Anglo American and various mining firms.

OVERSEAS TRADERS

Table of overseas trading companies, including firms like Jardine Matheson and various international traders.

TEAS

Table of tea stocks, including companies like Tetley and various tea producers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks, including companies like News International and various publishers.

TEXTILES

Table of textile stocks, including companies like J. & F. Wright and various textile manufacturers.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks, including companies like W. & A. Goold and various media firms.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks, including companies like Tata and various firms from these regions.

AFRICA

Table of African stocks, including companies like Anglo American and various mining firms.

MINES

Table of mining stocks, including companies like Anglo American and various metal miners.

PROPERTY

Table of property stocks, including real estate investment trusts and companies like British Land.

TOBACCO

Table of tobacco stocks, including companies like J. & F. Wright and various tobacco producers.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, including investment trusts and financial institutions.

EASTERN RAND

Table of Eastern Rand mining stocks, including companies like Anglo American and various metal miners.

FAR WEST RAND

Table of Far West Rand mining stocks, including companies like Anglo American and various metal miners.

O.F.S.

Table of Overseas Financial Services (O.F.S.) stocks, including companies like Anglo American and various financial firms.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks, including investment trusts and financial institutions.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks, including companies like Anglo American and various mining firms.

REGIONAL MARKETS

Table of regional market data, including stock prices and performance for various regions.

3-month Call rates

Table of 3-month call rates for various currencies and regions.

INDUSTRIALS

Table of industrial stocks, including companies like British Petroleum and various engineering firms.

PROPERTY

Table of property stocks, including real estate investment trusts and companies like British Land.

NOTES: Unless otherwise indicated, prices and net dividends are in pence and denominated in £. Estimated price-earnings ratios and covers are based on latest annual reports and accounts...

Table of regional market data, including stock prices and performance for various regions.

STOCK EXCHANGE AND TAKEOVER PANEL ACT ON SECURITY

Joint effort to curb bid leaks

BY MARGARET REID

THE CITY'S top two regulatory bodies, the Stock Exchange and the Takeover Panel, yesterday took measures to curb leaks of company information...

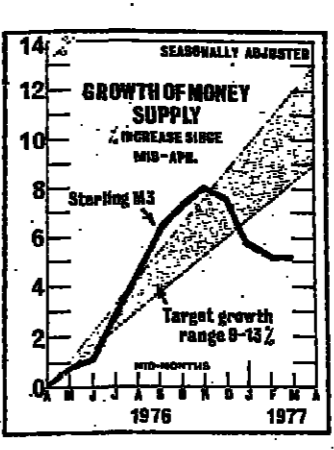
The Stock Exchange and the Takeover Panel were also "extremely perturbed" at the state of affairs where announcements were delayed until so many people knew of a coming bid that security was jeopardised.

THE LEX COLUMN

RTZ aims for the Inchcape gap

STERLING M3 at the middle of March remained hardly more than 5 per cent above the April 1976 level after seasonal adjustment...

Index rose 3.2 to 421.0



reward loyalty should have taken this debatable course. Net borrowings at Lex Service totalled £47m. at the end of 1976...

Heathrow men to hear new formula

By David Churchill, Labour Staff

A REVISED peace formula to end the crippling unofficial strike by 4,000 British Airways men...

Bhutto crisis deepens as second envoy resigns

BY IQBAL MIRZA

KARACHI, April 14.

PAKISTAN'S political crisis deepened today following the resignation of a second ambassador in less than 24 hours in protest at the "dictatorial" regime of Prime Minister Zulfikar Ali Bhutto.

Lonrho asks £12m. more from holders

By Terry Wilkinson, City Staff

LONRHO, the international trading group headed by the controversial City figure Mr. Roland "Tiny" Rowland, has made its second rights issue to shareholders in seven months...

Money supply certain to be below Government limit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MONEY supply is now certain to be significantly below the bottom end of the Government's target range for the year to mid-April...

To-day's travel

British Airways will today again try to perform about half of its European short-haul international flights and most of its long-haul flights.

Mortgages down 1%

Continued from Page 1

The arts of interest paid to the movement's 13m. investors is expected to fall from its present 7.8 per cent gross to about 7 per cent, still leaving the societies with an advantage over their competitors in the savings field.

Table with columns: Advance, Period, Gross Monthly Repayments at 11.25%, Monthly (Gross) Decrease. Rows include £5,000, £10,000, £15,000, £20,000.

Weather

A NORTH-WESTERLY airstream over all areas will give scattered showers, wintry in the North-East although the South-West will be mainly dry.

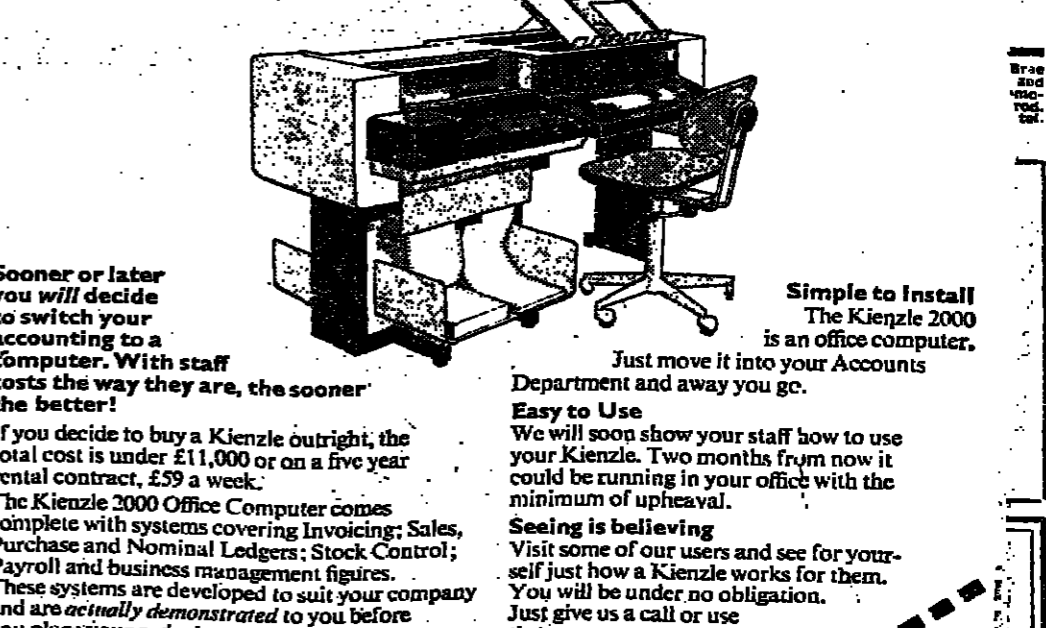
Excess bids

Since that date Lonrho has spent £19m. on acquiring the outstanding 70 per cent of London City and Westfield Properties...

Mr. Basil West, finance director of Lonrho, said yesterday that the latest issue would reduce short-term debt and expand the equity base.

We can't afford a computer!

Yes you can, say KIENZLE. Sooner or later you will decide to switch your accounting to a computer. Whichever staff costs the way they are, the sooner the better!



Simple to Install. The Kienzle 2000 is an office computer, an accounting machine, a Department and away you go. We will soon show you staff how to use your Kienzle...